



CITY OF  
**PORTLAND, OREGON**

OFFICIAL  
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **11TH DAY OF JUNE, 2003** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Leonard, Saltzman and Sten, 5.

Commissioner Saltzman arrived at 9:34 a.m.  
 Commissioner Leonard arrived at 9:35 a.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Harry Auerbach, Senior Deputy City Attorney; and Officer Michael Frome, Sergeant at Arms.

On a Y-5 roll call, the Consent Agenda was adopted.

<b>COMMUNICATIONS</b>	<b>Disposition:</b>
<b>559</b> Request of Jada Mae Langloss to address Council regarding being displaced (Report)	<b>PLACED ON FILE</b>
<b>560</b> Request of Todd Kurylowicz to address Council regarding human rights issues (Communication)	<b>PLACED ON FILE</b>
<b>561</b> Request of Glenn Warren to address Council regarding Portland Peace Encampment (Communication)	<b>PLACED ON FILE</b>
<b>562</b> Request of Annalisa Bandalera to address Council regarding Portland Peace Encampment (Communication)	<b>PLACED ON FILE</b>
<b>563</b> Request of Andrew Seaton to address Council regarding Portland Peace Encampment (Communication)	<b>PLACED ON FILE</b>
<b>TIME CERTAINS</b>	
<b>564</b> <b>TIME CERTAIN: 9:30 AM</b> – Adopt Sustainable Procurement Strategy: A Joint City of Portland and Multnomah County Effort – 1 <sup>st</sup> Annual Review 2003 and direct its implementation (Resolution introduced by Mayor Katz)  (Y-5)	<b>36145</b>

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<p><b>565</b> Adopt City of Portland Sustainable Paper Use Policy and direct its implementation (Resolution introduced by Mayor Katz)</p> <p><b>Motion to amend number 3 to July of 2004:</b> Moved by Commissioner Saltzman and gaveled down by Mayor Katz after no objections.</p> <p><b>Motion to amend this Resolution to be binding City policy:</b> Moved by Commissioner Saltzman and seconded by Commissioner Francesconi.</p> <p>(Y-5)</p>	<p align="center"><b>36146</b> AS AMENDED</p>
<p><b>*566</b> <b>TIME CERTAIN: 10:00 AM</b> – Adjust FY 2002-03 Adopted Budget for Spring Budget Adjustments (Ordinance introduced by Mayor Katz)</p> <p><b>Motion to delete the \$350,000 for P.G.E. purchase:</b> Moved by Commissioner Francesconi and seconded by Commissioner Leonard. (Y-1; N-4, Leonard, Saltzman, Sten and Katz) Motion Failed.</p> <p>(Y-4; Commissioner Francesconi excused himself from the vote)</p>	<p align="center"><b>177557</b></p>
<p><b>567</b> <b>TIME CERTAIN: 10:15 AM</b> – Recognize City employees who volunteer with youth (Resolution introduced by Mayor Katz)</p> <p>(Y-5)</p>	<p align="center"><b>36147</b></p>
<p><b>*568</b> <b>TIME CERTAIN: 10:30 AM</b> – Authorize use of Health Fund Reserve FY 2003/04 (Ordinance introduced by Mayor Katz)</p> <p><b>Motion to we keep the Portland Police Association whole through January 1, 2004, by not having to pay out of pocket, and be funded 100% from the Benefits Fund and 50% of that amount repaid over a six-year period to the Health Benefits Fund in the amount of \$85,400:</b> Moved by Commissioner Leonard and seconded by Commissioner Francesconi. Motion Failed.</p> <p>(Y-1, Leonard; N-4)</p> <p><b>Motion to fund the gap 100% from the Health Reserve for the Portland Police Association and Portland Police Commanding Officer’s Association for six months:</b> Moved by Commissioner Saltzman and seconded by Commissioner Leonard.</p> <p>(Y-5)</p>	<p align="center"><b>177558</b> AS AMENDED</p>
<p align="center"><b>CONSENT AGENDA – NO DISCUSSION</b></p>	
<p><b>569</b> Vacate a certain portion of N Montana Avenue between N Lombard and N Buffalo Streets under certain conditions (Second Reading Agenda 528; VAC 10009)</p> <p>(Y-5)</p>	<p align="center"><b>177532</b></p>
<p align="center"><b>Mayor Vera Katz</b></p>	
<p><b>570</b> Reappoint Alan Alexander III to the Mt. Hood Regulatory Commission for a term to expire May 31, 2006 (Report)</p> <p>(Y-5)</p>	<p align="center"><b>CONFIRMED</b></p>

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<p><b>571</b> Appoint Antoinette Texeira and Anthony Pescara for terms to expire June 16, 2007 and reappoint Kandis Brewer Nunn for a term to expire March 23, 2007 to the Housing Authority of Portland Board of Commissioners (Resolution) (Y-5)</p>	<p align="center"><b>36143</b></p>
<p><b>*572</b> Pay claim of William T. Sloan (Ordinance) (Y-5)</p>	<p align="center"><b>177533</b></p>
<p><b>*573</b> Pay claim of Stacie Rowley (Ordinance) (Y-5)</p>	<p align="center"><b>177534</b></p>
<p><b>*574</b> Pay claim of Sarah Kliegman (Ordinance) (Y-5)</p>	<p align="center"><b>177535</b></p>
<p><b>*575</b> Pay claim of Diane Policar (Ordinance) (Y-5)</p>	<p align="center"><b>177536</b></p>
<p><b>*576</b> Extend Legal Services Agreement with Brown Reavis &amp; Manning for outside counsel (Ordinance; amend Contract No. 34620) (Y-5)</p>	<p align="center"><b>177537</b></p>
<p><b>*577</b> Extend agreement with Cable, Huston, Haagensen &amp; Lloyd for outside counsel (Ordinance; amend Contract No. 33228) (Y-5)</p>	<p align="center"><b>177538</b></p>
<p><b>*578</b> Accept a \$24,000 grant from the Oregon Department of Justice, Criminal Justice Division for the 2003 Marijuana Eradication Project (Ordinance) (Y-5)</p>	<p align="center"><b>177539</b></p>
<p><b>*579</b> Apply for an U.S. Department of Justice, Office of Community Oriented Policing Services, Homeland Security Overtime Grant (Ordinance) (Y-5)</p>	<p align="center"><b>177540</b></p>
<p><b>*580</b> Correct clerical error to change payor to Multnomah County District Attorney's Office (Ordinance; amend Ordinance No. 177423) (Y-5)</p>	<p align="center"><b>177541</b></p>
<p><b>*581</b> Create a new Nonrepresented classification of Assistant to the Transportation Director and establish a compensation rate for this classification (Ordinance) (Y-5)</p>	<p align="center"><b>177542</b></p>
<p align="center"><b>Commissioner Jim Francesconi</b></p>	
<p><b>*582</b> Issue a Revocable Permit to Oregon Health Sciences to construct a sewer line within a portion of Terwilliger Parkway (Ordinance) (Y-5)</p>	<p align="center"><b>177543</b></p>
<p><b>*583</b> Request and accept tax-foreclosed properties from Multnomah County for park and recreation purposes (Ordinance) (Y-5)</p>	<p align="center"><b>177544</b></p>

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<p><b>*584</b> Amend contract with TriMet to authorize an increase in funds for Streamline Program (Ordinance; amend Contract No. 51340) (Y-5)</p>	<p align="center"><b>177545</b></p>
<p><b>*585</b> Authorize a contract and provide for payment for the Road Rehabilitation 2003 Improvement Project (Ordinance) (Y-5)</p>	<p align="center"><b>177546</b></p>
<p><b>*586</b> Authorize an Overpass Agreement with the Burlington Northern and Santa Fe Railroad to construct the North Lombard Overcrossing Project (Ordinance) (Y-5)</p>	<p align="center"><b>177547</b></p>
<p><b>*587</b> Authorize Intergovernmental Agreements with Oregon Department of Transportation to provide pedestrian crossing improvements on SW Barbur Boulevard, SE 82nd Avenue and N Lombard Street (Ordinance) (Y-5)</p>	<p align="center"><b>177548</b></p>
<p><b>*588</b> Approve agreement with The State of Oregon, acting by and through The State Board of Higher Education, on behalf of Portland State University to sell SmartMeter parking cards to faculty, staff, students and the general public and authorize payments (Ordinance) (Y-5)</p>	<p align="center"><b>177549</b></p>
<p align="center"><b>Commissioner Dan Saltzman</b></p>	
<p><b>*589</b> Authorize agreements for conveyance of properties in the Johnson Creek floodplain from Kenneth and June Backenstos and Mickey and Barbara Clift to the Bureau of Environmental Services (Ordinance) (Y-5)</p>	<p align="center"><b>177550</b></p>
<p><b>*590</b> Designate and assign a sewer tunnel easement and sewer shaft easement in property owned by the City known as Gov. Tom McCall Waterfront Park for the West Side Willamette River Combined Sewer Overflow Project No. 6680 (Ordinance) (Y-5)</p>	<p align="center"><b>177551</b></p>
<p align="center"><b>Commissioner Erik Sten</b></p>	
<p><b>591</b> Certify the Director, or anyone acting as Director, of the Bureau of Housing and Community Development as Certifying Officer for federally required environmental review certifications (Resolution) (Y-5)</p>	<p align="center"><b>36144</b></p>
<p><b>*592</b> Amend agreement with Oregon Medical Laboratories to provide occupational health lab services and provide for payment (Ordinance; amend Contract No. 33505) (Y-5)</p>	<p align="center"><b>177552</b></p>

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<p><b>*593</b> Apply for a \$53,439 grant from the Oregon Emergency Management for Portland Office of Emergency Management (Ordinance) (Y-5)</p>	<p align="center"><b>177553</b></p>
<p><b>*594</b> Amend agreement with Metropolitan Service District for maintenance of a computerized mapping system for Portland Fire and Rescue emergency response vehicles (Ordinance; amend Contract No. 51844) (Y-5)</p>	<p align="center"><b>177554</b></p>
<p align="center"><b>City Auditor Gary Blackmer</b></p>	
<p><b>*595</b> Authorize permanent bonded lien interest rates for installment payment contracts financed by the 2003 Series A Limited Tax Improvement Bonds (Ordinance) (Y-5)</p>	<p align="center"><b>177555</b></p>
<p><b>*596</b> Extend deadline for submission of documents to Auditor for filing in the Portland Policy Documents and clarify definition of binding policy (Ordinance; amend Code Chapter 1.07) (Y-5)</p>	<p align="center"><b>177556</b></p>
<p align="center"><b>REGULAR AGENDA</b></p>	
<p align="center"><b>Mayor Vera Katz</b></p>	
<p><b>597</b> Authorize City Attorney to appeal a judgment entered in Richard Blechschmidt v. William Shatzer and the City of Portland (Resolution) (Y-5)</p>	<p align="center"><b>36148</b></p>
<p><b>*598</b> Authorize an Intergovernmental Agreement with the Portland School District 1J for financial support (Ordinance) (Y-5)</p>	<p align="center"><b>177559</b></p>
<p><b>*599</b> Authorize an Intergovernmental Agreement with the Parkrose School District 3 for financial support (Ordinance) (Y-5)</p>	<p align="center"><b>177560</b></p>
<p><b>*600</b> Authorize Intergovernmental Agreement with the David Douglas School District No. 40 for financial support (Ordinance) (Y-5)</p>	<p align="center"><b>177561</b></p>
<p><b>*601</b> Authorize an Intergovernmental Agreement with the Reynolds School District 7 for financial support (Ordinance) (Y-5)</p>	<p align="center"><b>177562</b></p>

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<p><b>*602</b> Authorize an Intergovernmental Agreement with the Centennial School District 28J for financial support (Ordinance) (Y-5)</p>	<p><b>177563</b></p>
<p><b>Commissioner Randy Leonard</b></p>	
<p><b>*603</b> Adopt an Intergovernmental Agreement with the Port of Portland for nonconforming development upgrades at the Portland International Airport as required by Title 33 Zoning Code (Ordinance) (Y-5)</p>	<p><b>177564</b></p>
<p><b>Commissioner Dan Saltzman</b></p>	
<p><b>*604</b> Amend the water rates for Sections 1(D) and 2(B)(2) effective July 1, 2003 (Ordinance; amend Ordinance No. 177502) (Y-5)</p>	<p><b>177565</b></p>

At 12:18 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 11TH DAY OF JUNE, 2003 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Leonard, Saltzman and Sten, 5.

Commissioner Leonard arrived at 2:05 p.m.  
Commissioner Saltzman arrived at 2:14 p.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Frank Hudson, Deputy City Attorney; and Officer Curtis Chinn, Sergeant at Arms.

	<b>Disposition:</b>
<p><b>605</b> <b>TIME CERTAIN: 2:00 PM</b> - Adopt the Northwest District Plan (Previous Agenda 504)</p> <p><b>Motion to accept amendment to rezone the Northwest Neighborhood Cultural Center building at 1819 NW Everett St. to EX and retain the Ave. and Flanders Street:</b> Gaveled down by Mayor Katz after hearing no objections.</p> <p><b>Motion to accept amendment to delete new language for the River District related to Section 33.510.225E., parking restrictions near a streetcar alignment:</b> Gaveled down by Mayor Katz after hearing no objections.</p> <p><b>Motion to accept amendment to add a new section to the desired Characteristics and Traditions chapter that would precede the specific character area sections:</b> Gaveled down by Mayor Katz after hearing no objections.</p> <p><b>Motion to accept amendment to replace map 510-6 on page J-21 with corrected map, delete Land Use action item LU14 on page E-7 and Willamette Heights Subarea action item WH10 on E-72 and renumbered charts accordingly, replace map 562-2 on page G-59 with a map that has more clarity:</b> Gaveled down by Mayor Katz after hearing no objections.</p>	<p><b>CONTINUED TO JULY 10, 2003 AT 3:30 PM TIME CERTAIN AS AMENDED</b></p>
<p><b>606</b> Adopt the Northwest District Plan Urban Design Concept and Action Charts (Previous Agenda 506)</p>	<p><b>CONTINUED TO JULY 10, 2003 AT 3:30 PM TIME CERTAIN</b></p>
<p><b>607</b> Amend Property Tax Exemption for New Transit Supportive Residential and Mixed Use Development (Previous Agenda 507; amend City Code 3.103)</p>	<p><b>CONTINUED TO JULY 10, 2003 AT 3:30 PM TIME CERTAIN</b></p>

At 4:31 p.m., Council adjourned.

GARY BLACKMER  
Auditor of the City of Portland

By Karla Moore-Love  
Clerk of the Council

For a discussion of agenda items, please consult the following Closed Caption Transcript.

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## Closed Caption Transcript of Portland City Council Meeting

This transcript was produced through the closed captioning process for the televised City Council broadcast.

Key: \*\*\*\*\* means unidentified speaker

June 11, 2003 9:30 am

### Item 559.

**Katz:** Jada, move over closer to the mike.

**Jada Mae Langloss:** This is grandma jada mae langloss. I'm discussing the fact that I am now living out of the back of my wheelchair, and I can go into storage and get then in and out, but I need to be free, I need to have air going four directions. I cannot live in a place that is so stuffy hot. The thing is, i'm a wild cat. I need freedom. And i'm not concerned about where i'm going to be every night, but I am concerned about the fact that my heart has been chipped away at, myself esteem, because I lived in a place where they put me down for being an old woman, for wearing diapers, and all sorts of things. I was getting little nicks here and there, and I gave up the will to live. Whenever that happens, of course, I was in four hospitals, and they had to spend a lot of time trying to bring me back to the life I didn't want to come back to. See, I need freedom. I need to come and go. But where I was living, there was no way that I could get up and down unless there was an attendant hired, and I don't like to be attended either. In two years I didn't have a way to protect my wheelchair unless an attendant helped me. It became a feeling that I wasn't -- didn't have any worth, because my small income, which is about \$600 a month, a little bit less. Then of course i'm always running for office. They raised the price of running for office, 300 times. That's when I went homeless the first time. I put that money in there so I could afford to run for office, because I like to run with the candidates. I like to give them information they would never know. Because i'm the poorest -- I do not ask for money for campaigns. And I won't pay the press either. And I get the sass off the media, and when I lose, nobody else does. So there's a great amount of enjoyment in that function of not getting elected. I could have never handled it like you. Or any of you. I couldn't do it. I need too much freedom. I'm sitting bull's last living grandfather -- grand daughter and I want to hit the trail. I want to be free on the road. So i'm going to be -- not divorce city hall, but if I can't have my tipi up there, this is not going to be home to me no more, so I have to divorce city hall. It not your fault, but I have to be free. Thank you.

**Katz:** Thanks, jada. 560.

### Item 560.

**Todd Kurylowicz:** Hello. Todd kurylowicz, u.s. Veteran of the navy, current member of the peace encampment. I'd like to talk briefly about a human rights and what you could call I guess selective enforcement. Recently I picked up a little article in the local paper, Portland tribune, it's got this title, "happy campers". I don't know if you all got to see the happy campers. Well, seems as though if you're waiting for the rose parade, you can be a happy camper. In fact, let me get a little paragraph out of here, the campers bring coolers full of food and drinks, lawn chairs, sleeping bags, canopies, tents, pillows, personal digital assistants, personal quirks, games, ducks, flags, plastic flamingos, and attitude. That's funny. Because I think there was a recent count for homeless people for Portland, it rang in at 1600 people that aren't able to get into shelters. Dignity village has a cap of 60 people, almost 2,000 people out there that -- under the illegal camping ordinance, can't have a sleeping bag. 24-hour posting, and, you know, get kicked around. But waiting for the parade, you can be warm and have fun. I think that's a great injustice, and as far as being across the street at the Portland peace encampment, we just have had considerable time doing that. It came recently said our signs, whatever, our belongings were offensive litter. Signs such as "you can bomb the world



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into pieces, but not into peace," litter. It came to two months to come up with that one. From the police. Still no arrests made, nobody's been cited. They were unable to take anything yesterday, we actually -- two days ago, we got it off the ground. But I don't know, I think it's worthy to consider what the rights should be of the people. And our demonstration and the right to live. People -- it's hard times. Unemployment rate is 8.1% now, people are getting kicked out of their places and have to have somewhere to live. This is a need of the people. And communications and the social awareness we're raising, global issues, this administration is going to turn the desert to glass with nuclear weapons, lifting nuclear weapons bans, we can't voice that opinion? I think that's absurd and needs to be addressed, and harassment needs to stop. Thank you very much.

**Katz:** 561.

**Item 561.**

**Glenn Warren:** Good morning, my name is Glenn Warren. Good morning to you all. Let's see. We need to talk, a formal talk about our logistics and our reasons for being there, and there is another article in today's paper besides happy campers, camping with a cause. Interesting that -- like I said last week, it's not going to stay out of the media, but unfortunately there was some erroneous statements made in there, one being that you were enforcing ordinances, camping being one of them, obstructions as a nuisance being another. But the fact is that in order to enforce the camping, you have to give a 24-hour notice. And we're an event, because as you know, in light of an 18-inch document saying that the Pentagon didn't perceive as looting and chaos, it's quite obvious to anyone who is familiar with what happens in war when people go into survival mode, that you're going to have a situation like this. We saw it coming. We didn't need an 18-page document suggesting otherwise. This war is not over. We're going to be here because of these reasons, how the media misinforms people, sometimes by accident, sometimes not. But we really do need to have a dialogue. It's amazing that you're trying to ignore this situation. We're right out in front. Another thing that was kind of erroneous was that the reporter out there was involved with our conversation, and we were involved in giving him as much information as we could in a short period of time. Anyway, there are a lot more people that recognize what's going on than just the three in an hour. But for some reason city hall is not recognizing us. So like I said, we really do need to sit down and talk about this, especially because the enforcement issues -- we're more than happy to go over the guidelines with everybody and get it down straight. Perhaps have our lawyer present at the time too as well. And the city attorney there. Thank you.

**Katz:** Thank you. 562.

**Item 562.**

**Annalisa Bandalera:** Good morning, my name is Annalisa Bandalera. I'm with the Portland peace encampment and a linguistics student at Portland State University. This morning I'm going to echo my fellow campers in so much that we discuss human rights. My focus at Portland State University is linguistics human rights, and that may be too much of the academy for this environment. But what I'll bring to the table today is this discussion of human rights and how we can address them. You say that we're in violation of city codes. Well, the city codes I believe are in violation of human rights. When has it become illegal in order to survive, and that is what your city codes are saying. We're affected by that because we're a 24-hour, seven-day-a-week vigil, that more than likely you would rather not have us there. Or you would like us to have it to all signs, no signs of living. Because somehow in our society, people who cannot afford shelter are being criminalized, and that's unfortunate for trying to survive. We came out on March 20 to address the issue of the human right violation that was occurring against the Iraqi people in the shockingly awful campaign. And we've seen what has happened to those people. But let's bring it home for a moment, and let's look at what is happening. I don't know how others walk idly by people eating out of garbage cans. I don't know how they walk by our youth, minors, who are not even eligible to get what the system can offer them. They, not even get an electronic benefit card. They cannot get medical. They

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cannot even make their own decisions. So in essence, we've given you an opportunity by being across the street, we've given you the opportunity to be just, so be true representatives of your citizens. To not put into a class system where you are saying, this portion of the population that exists without shelter, they don't have rights. There is power inherent in the language of the law, and you have the opportunity to write into your laws just advertise and social equity. -- justice and social equity. We left it last with, were we in violation of city code. I'm not going to answer that question, but -- and we also said that this is not the proper place or time or forum to discuss that. Well, I made the proper attempts to get in touch with your office to set up an appointment to open a dialogue. Which is the first step in conflict resolution. I've yet to hear back from Judy Tuttle, and I ask you again that you consider meeting with us, that we come to amicable solutions, and that we start in Portland, Oregon, today, you have the opportunity to be just. Thank you.

**Katz:** 563.

**Item 563.**

**\*\*\*\*\*:** He could not make it.

**Moore:** Thank you.

**Katz:** Ok. Let's take consent agenda. Any items to be removed off the consent agenda? Anybody in the audience wanting to remove an item off the consent agenda? If not, roll call on the consent agenda.

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] 564.

**Item 564.**

**Katz:** Let me just refresh everybody's memory as to why we're here. This council adopted a number of policies that indicated our desire to use sustainability as a criteria in our daily decisions. We in fact branded ourselves as the urban center for sustainable economy. In 1994, almost 10 years ago, we adopted as a city sustainable principles for the city. The document discussed about how we could as a city council and as a city, be sustainable. In fact, if I recall correctly, there was a lot of impatience on the part of the council, when are we going to start moving. There was impatience on the part of the commission as well. Last year we moved from policy to action with the adoption of the sustainable procurement strategy that Sue worked on. In this strategy, it provided a road map. So you have two resolutions. Why don't we -- we'll read the second one as well.

**Katz:** The first resolution adopts the annual report, and provides the recommendations coming out of last year's effort. The second resolution is an outgrowth of the first, and it's very specific about goals and policy direction for the use, for the elimination, and tracking of paper purchases. And I think it's fair to say that there may have been some misunderstanding, or not -- we may not have been clear enough as to what the impact of these resolutions are, so this will be a very good opportunity for the three presenters to be very clear of what this is and what this isn't. Sue.

**Sue Klobertanz, Director, Bureau of Purchases:** Mayor and city council, my name is Sue, I'm director of purchases for the city of Portland. As the mayor indicated, we're here today to talk about the two resolutions, 564 and 565. As you remember, in March of 2002, when we adopted the sustainable procurement strategy, we said this, is the road map and this is the process we're going to use. Before I get into the specifics of that first annual report, I guess I'd like to focus on three concepts regarding the purpose of the actions today. After working for the last year, I realized that much of what I will talk about today has more to do with changing our culture internal to the city, than it does a specific product. Simple things like managing mailing lists so you don't send out extra pieces, or not requiring gallons of extra paint when you do a construction project, don't have anything to do with what we buy. It has to do with how we get our jobs done and actually buy less. People talk about the three R's -- reduce, recycle, and reuse. Much of what the annual report recommends focuses on the cultural changes that reduce or reuse things we buy anyway. The second concept is that these actions lay out a path for long-term sustainability. As we look and

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review the recommendations and action plans before you today, you'll see that many have a fairly long-term implementation time line. This is not a light switch that we turn on and immediately have results. As you know from other efforts, it takes some time to change the work culture, and hopefully in this case we're not too late in doing that. And then finally, in my mind, these actions protect and encourage local economy and jobs by articulating our long-term goal to purchase sustainable products. As the mayor indicated, we like to think of ourselves as a green city, as a sustainable city. We're telling businesses by the resolutions today that if they are willing to make the desired products, we will buy them. Approving resolutions such as this provides the incentives for many small businesses to develop new incentive innovative products. That said, I'd like to briefly background. I was really clear in march of 2002 when the council adopted the sustainable procurement strategy, that we were going to attempt to undertake this effort on a shoestring. We had no extra staff, we had no extra funding. We did that by building on work that was already done. May 1 of 2002, we started the effort with a four-hour training session for about 85 city and county employees. Knowing that we had limited resources, we started with the five commodity areas that the state sustainable supplier council had already previously selected, and done a significant amount of research on. We used their reports, which were completed with significant industry input, and augmented that information for the situation unique to the city and the county. Each task group then presented its commodity specific recommendations to the steering committee in december, and then that steering committee reviewed those recommendations and solicited further input from the mayor's fair contracting forum, the sustainable development commission, and internal staff groups from both the city and the county. The annual report includes recommendations in six different areas. Paper, office furniture, automotive, cleaning and coating products, building materials, and education. How do we communicate with both the city and county employees. There are a couple of different types of actions in the annual report. The first set talks about council actions, actions by council that will be required to implement specific items. The first of which is before you today, with the paper policy. And we'll come back do that in a minute. Beyond that, we're expecting that approval of future cuts for biodiesel fuel, for city vehicles, approval of future contracts for city vehicles which meet other fuel and emission requirements, or things like modifying the city code language to require use of rebleded latex paint products, those are all items that will come back to the council and require specific action. The majority, however, of the actions in the annual report deal with that cultural change I was talking about. As we went through the process, I realized that a lot of the items, bureaus already had the ability to make happen. Those changes a bureau could decide to do. However, what we heard back from the 85 or so employees participating in the process was that they felt uncomfortable being empowered to make those changes, and what they really wanted was for the council to tell them that, yes, this is where we wanted to go. So with regard to those types of items, things like increasing use of centralized printing, eliminating the multiple use of desk top printers, increasing the use of internal and external electronic communications, those are all things we could all do today, but we heard back from staff that they really wanted council to say that those were things they wanted them to do. All of those different items are listed in the annual report. In addition, we heard back from staff from across the city that they needed direction from council for their bureaus to be told to encourage attendance at sustainable -- sustainability training sessions. They want the council to recognize the city's green team. We have some bureaus to tell their staff it's all right to participate in those green team efforts, so long as they do it on their own time. The question really becomes, does the council want to institutionalize the sustainability effort within the city. So those are the types of recommendations you see in the annual report. Not a lot of rocket science, but pretty basic cultural changes we need to make within the city. The second resolution that you have before you is item 565, and that adopts the city of Portland sustainable paper policy. There are three major actions listed there. The first one, the first goal is to reduce paper consumption. We

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want to reduce our overall printing and writing paper consumption by 15% by 2008. We think that's both a long-term goal, but also a very doable goal. We have a second goal to procure paper products that at a minimum meet the u.s. e.p.a. standards for recycled content. While continually expanding beyond the use of paper products defined by e.p.a. So, in other words, we're recognizing the e.p.a. guidelines, and then saying over time, we want to move beyond those -- what we consider to be minimum standards. And then finally, one of the biggest problems we found in this whole effort regardless of the topical area we were talking about, had to do with knowing what the city was purchasing. In the area of paper, particularly, we found that we couldn't clearly identify how much paper we were buying, where we were buying it and who was buying it. And so the third goal in the paper policy talks about requiring bureaus to develop and document their strategy for both reducing the consumption of paper, but also tracking copy, printing, and writing paper consumption. I have to say that i'm slightly embarrassed to tell you that the recommendations before you today are not new. They are not leading edge, they are barely a dull cutting edge. What we are recommending is being done by other jurisdictions. I've done some looking at best practices, and this is just a little bit of download from other web sites from around the united states that either far exceed or at least equal what we have before you today. Finally, this morning I had someone share with me a 1990 resolution. 1990 -- that directs the -- let me read this to you. The council directive was to promote the use of unbleached and nonchlorine bleached paper products. I keep talking about cultural change. As I said, we like to think of ourselves as a green city, and a leader in sustainability and a potential home for green businesses. P.d.c. is working on a strategy to include sustainable businesses as a key player on our future. To maintain this leadership role, the city of Portland must move forward and send a message to businesses as to what we desire to buy. Then we must committed to those firms that we are willing to purchase those products. The resolutions before you are meant to be a guide for taking present and future actions in the realm of procurement. They are intended to be a guide for ongoing dialogue and improvement. The resolutions address some tough questions and issues, but with the for example built to take actions as the future unfolds and new markets present themselves. That's really what these two resolutions are all about. I'm going to stop there and i've asked susan anderson, director of the office of sustainable development, and kent snyder from the sustainable development commission, to add to my comments with regard to these two resolutions.

**Katz:** I've never seen sue as passionate about an issue as this one.

**Susan Anderson, Director, Office of Sustainable Development:** I'm susan anderson, director of the office of sustainable development. It's fun for me to see sue so passionate about this too. It shows a shift in the way that we're approaching sustainable development activities in the city. In the past, generally it would be our office who would come up with an idea, find some funding, get things moving, and be working on a project whether it was recycling or energy conservation or something else. But since the office of sustainable development was established a couple years ago, we really shifted our approach. We found that to make things happen, we have to quit doing and we have to become the instigator, facilitator, troublemaker, whatever you want to call it, who often will help come up with the idea, but finds the partners, finds the people, who really should be leading the charge and to get them the help they need to take it away. I think that's what's happened in this case. We got things going, but sue totally took up the challenge. We provided technical help, we helped figure out who should be at the table, but sue ran with this, and that makes sense, because this is about purchasing. That's not our job, it's sue's job. And we felt it was really important for us to be there to help instill the sustainability principles into the work that she does, and to provide technical help, but then to get out of the way. And I think it's been very successful, and again, really fun for me to be able to kick back and watch sue take the lead on this. The package before you today illustrates how purchasing can help with the broad picture of sustainable development. First by creating market demand for products that are safer for the environment and

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safer for our personal health, second, these policies will help us to reach other goals, energy efficiency goals, environmental goals, clean air and clean water goals, and create demand for local Oregon sustainable product and services. A few examples -- sustainable purchasing can mean safer products not only for city use, but had we buy large quantities, whether it's cleaning agents, energy efficient lighting, green building materials, we help build demand for safer, more efficient products. That helps lower the co-s for businesses and residents in our community. This has been especially true over the past five years, we -- several years ago we decided we would only buy energy star rated products for lighting and heating. And that has helped to lower the cost of those products within the community. Another simple example is sustainable purchasing can help us reach our other environmental goals, like recycling. We have a 60% recycling goal for the city. Higher than almost any other place in the united states. If we're going to reach that goal, we can't keep just recycling the stuff out there, we have to close the loop and begin to buy recycled content products. One way to do this is to both through standards and voluntary and by requiring things like green building practices, sustainable construction practices. So this ends up that we have been promoting construction and debris recycling, the reuse of used furniture and building materials, all of those things ends up that families and companies in our community have seen the city be a leader in this area, and have followed our example, and we all reap the benefits. Finally, one more example is that sustainable purchasing can mean job creation and economic development like the mayor mentioned in the beginning. An example from the report is that the automotive group looked at biofuels. Of course it has great environmental advantage in terms of less air pollution, but it also makes a great amount of sense from an economic perspective. There's states all around us, especially the west coast and midwest that are looking at this. The committee found that there are many companies that are looking at Oregon as a new potential place for looking at building a business opportunity in biofuels. For example, if we were to get tri-met, the city, county, the port, all to make a commitment to switch to biofuels, and then have the biofuels generated from feed stock in central and eastern Oregon, we'd have this real -- the thing we talk about, this urban-rural economy, and we'd have a closed loop sustainable system. So I think it's an area that we kind of toss out like yeah, like we could do this, but I think it's one that a lot of other states are looking at, and I think it's one of dozens of examples in the report. I think it's really important to note that there were dozens and dozens of city and county employees involved in this. And I think what happened from the first meeting where we kind of did a briefing on, what is this sustainable thing, it gave those people kind of permission to do what they do at home when they walk through the door. In general they check their environmental values, and got nervous. This sort of gives them permission to basically take what they do at home and come and buy things they -- that are more efficient, that are more environmentally friendly when they are at work. So I think what really at this point purchasing is taking the lead, our office is there for technical help, and for you, it would be helpful for us if you -- as you work with your bureau managers, to explain to them that this is important. And it's something that we think needs to happen. I know a lot of discussion has happened about paper over the past couple of days. I think it's always hard for manufacturers when standards change, and the choice really is, you can slug along or leap to the front of the pack and create the most efficient products and the most clean and friendly products. From experience we know that market transformation is an incredible tool. It's something that has worked incredibly well in the energy industry. If you look around in this building, energy efficient lighting, windows, just a few years ago if you were to say you wanted a triple glazed, low e window, would it have been outrageously expensive. But because we said standards at the local level, at state level, demand has soared, prices have fallen and I think that will be the same case for paper and for a lot of other products that we're looking at. And what happened there, what's going to happen in all of these cases, and we have this great opportunity in Portland, is that the companies who jumped out first were the ones that created the cleanest most efficient products, were the ones who built name

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recognition and are the most successful. It's a great really economic development strategy as much as it is an environmental one. Thanks.

**Kent Snyder, Co-chair, Sustainable Development Commission:** Good morning, my name is ken snyder, one of the cochairs of the sustainable development commission for the city and county. First off, we have been involved, we've been recommending this for quite a while, and we're back here a year ago and urged the adoption of the sustainable procurement initiative, which has been working for the last year, and we've been involved in all that. And we hardly -- heartily approve of what the report says. We urge you to please adopt the recommendations in there. One of the things we've been quite interested about, and actually at our meeting last week unanimously recommended the adoption of resolution 565 with a slight change, we don't think it goes far enough fast enough. I was glad to hear the city council adopted 1990 resolution that we should be -- the city should be purchasing chlorine free paper, because the commission's recommendation is that on the goal that says establish a preference for processed chlorine free paper by july 2006, we urge the city council to make that to be july 2004. We think we've been waiting around 13 years, which is long enough. The health effects of chlorine and the bleaching of paper are well known there. Are hundreds of studies showing direct links between the toxins that come out of the chlorine process, the die objection instance, the organic chlorines, hundreds of studies showing links between those and cancer, birth defects, and developmental and reproductive problems. The current level of pollution in this country creates an unacceptable risk of cancer for all of us in the view of the commission. And we as a city should be purchasing products which are not poisoning us. Then you look at the economic side of it. As susan just said, there are many initiatives around the country, in fact there's a group here, the sustainable products purchasers coalition, that have been working to use the purchasing power of businesses and governments to help create markets. The big thing we hear from the industry is, we don't want to make the capital investment in changing -- in producing these kinds of products, because we don't know there's a market. By adopting a more aggressive standard for the -- we will prefer processed chlorine free paper by 2004, we are joining in with a number of other government and businesses saying we are creating the market which you say you want. So we would like to see resolution 565 amended to say that we would -- the city would prefer processed chlorine proper pay -- by july 2004. I can speak as you know many of -- I have a small law firm in town that does bankruptcy work and we use a tremendous amount of paper. Not as much as the city. For over seven years we've only used p.c.f. Paper. I can tell you in the last seven years the quality has increased, the place has come down and the number of manufacturers producing the paper has in -- has bin increasing. When I first started doing it it was made out of camas. It's now georgia pacific, but there are mills in california, wisconsin, and in british columbia that are producing this stuff. If we show that we -- you make it, we're going to buy it, it's going to provide the kinds of economic incentives necessary to have the local, the Oregon mills and Washington mills say they should be switching to this too. So there are economic incentives. And this is not -- we're not talking about a lot of price differential. So again, the sustainable development commission has unanimously endorsed this, and we would like to -- with that one change that you adopt resolution 565 and 564. 5 skiff that we have a target of july 2004.

**Katz:** Thank you. I'm going to ask sue to respond to the 2004 target date. Sue?

**Klobertanz:** We'd be more than happy to make that amendment if that's the direction from council this is a balancing act. And we put 2006 in here in an effort to respond to the issues raised by the Oregon paper product folks, and we felt that -- I didn't know what the market was. I'm hearing that it's available quite close, not from an Oregon mill, but we could go either direction.

**Katz:** Let's hold off on that until we finish hearing of the public testimony. Because I know there are folks here representing the industry. Thank you.

**Paul Cosgrove, American Paper and Forest Commission:** My name is paul cosgrove, representing the american paper and forest commission. We have a number of prominent well-

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known names as members here with operations, headquarters or manufacturing operations or in some cases both. Georgia pacific formerly headquartered in this city, louisiana-pacific still headquartered in this city. And weyerhaeuser, which just bought one of our other members, willamette industries, which was of course headquartered in this city. We have been fully and actively engaged in recycling and the development of other environmental policies for years. Both in this city, in this region, and in this state and in fact in this nation. With respect to this city, I served on the office of sustainable development I guess it was actually before the office was technically named that, in helping work through the problems of moving to the commingled recycling residential recycling program that has been so successful at helping you meet that goal, and has been so successful in providing the fiber that our paper plants in this state absolutely must have to operate. 80% of the paper plants in the country use recycled fiber. 200 of those plants use only recycled fiber. All the plant in Oregon and Washington use some and in some cases their total source is recycled fiber. We can't operate without that fiber that. Is a crucial issue for us and one of the disappointments I have in this policy, although it may be a discussion for another day, is that it really ignores that very vital piece of the sustainability, how we use these products to make new products, to provide jobs in our community in an environmentally sensitive and appropriate way. Our organization gave the city its best big city cycling -- best big city recycling award. We worked with metro and others, and i'll leave copies with your clerk, but I wanted to mention, just three weeks ago the head of solid waste and recycling for the city wrote the chairman of the board of afpa applauding us for increasing the nation's recycling goal to 55%. We've increased that voluntary goal from 40 to 50 to 55 over the last eight years, and he mentions, and I think this is crucial to our concerns about these policies, that the challenge will be to overcome the many obstacles to high recovery, that will not be an easy task. The positive results from improvements in municipal recycling programs and paper industry recycling expansions over the last decade will be hard pressed to see further gains. It will require stronger partnerships. Between the industry and municipalities to reach those goals, which both we and you and all of our citizens in this community desire to reach. So it's with that as a background that I am truly disappointed to have to appear before you --

**Katz:** Your time is up. I'm going to give you another minute.

**Cosgrove:** Ok. -- asking you to at least defer action on both of these resolutions until a later date until the kind of involvement that we believe should have happened has happened. I've been involved in working with staff on this and waiting for the time for industry feedback, which is part of the process that you set up last year when you passed the policy. And unfortunately it has not occurred. Let me just say very briefly, I sent each of you an email. We have both process concerns that we weren't at the table, but more importantly, we thought that if we had been at the table, some of the very significant concerns about the actual policies in the paper area, which are incorporated in both resolutions, not just the paper use policy, could have been avoided. There are significant factual errors in the conclusions reached by people that I think did not get made in the state process where we were at the table -- were we were at the table, and I mentioned some of those in my email, if I had additional time, I would be happy to give others, but i'll leave it there. Thank you very much.

**Katz:** Questions? All right. Joe?

\*\*\*\*\*: It's good to be here. I want to --

**Katz:** Identify yourself for the record.

\*\*\*\*\*: I want to thank you and the commissioners and the steering committee for taking the initiative to get this going. I want to identify a couple of glaring --

**Katz:** I need you to identify yourself.

**Joe Keating, Sierra Club:** I'm sorry. I'm joe keating, I represent the sierra club, i'm the federal forest issue coordinator, and also the state and federal forest issue coordinator for Oregon wildlife

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federation. Once again, thanks for the leadership. I want to identify some problems. The most glaring problem that I see is within the area of building supplies. There is little or no mention of the fact that the city should be utilizing f.s.c. certified wood product as well as paper product. It's a much lower amount of purchasing that is actually done by the city in terms of construction, but it's a key element in terms of sending the message to the outside world and the communicated that the city is serious about protecting our endangered forests. And that's not included and definitely should be included as an amendment. I also support the reduction in time frames. 2004 would be a much better time frame than the 2006 in terms of chlorine. The other thing that -- in this is sort after general statement throughout the resolution, is the soft terminology that's used. It's a little tough to get a handle on what we're talking about. For example, in one of the resolutions the second resolution we're talking in the second section we talk about defined and progress, but it doesn't really specify what we're talking about there. And I would suggest if possible to amend the resolutions to be more clear in terms of the timetables involved and the goals involved. But my main thing that I really do want to emphasize is the building products. We're talking about studs, we're talking about plywood, f.s.c. Certified wood is available. It really falls within the same type of lens that you're looking for with paper products. And we need that included. We have done a lot of work with metro, and metro has adopted a resolution to do that, to look at wood products. And if there's any questions in terms of the details, I would encourage the steering committee and yourselves to work with metro to work through the various details in terms of including wood products in this resolution. Thank you.

**Katz:** Thank you.

**Harry Bondareff, New Leaf Paper Co.:** My name is Harry Bondareff, we're a national developer and distributor of recycled papers. I just wanted to point out that the goals of the policy as it's stated now are both feasible and achievable in today's marketplace. We have been -- we have been producing and supplying papers that meet and exceed e.p.a. guidelines in terms of both recycled content, as well as the processing. Processed chlorine free, for several years, and we've been doing -- we've been making the highest recycled content papers for the better part of 10 years. I want to point out also that the price premium, what we've seen over this period of time is that the price premium as I think Ken mentioned, is -- has been steadily decreasing over that 10-year period, and in many cases, in many categories of paper, there is no longer a price premium between recycled paper and virgin wood paper. I just want to say also that we have a long list of customers, local and national, including Nike and Starbucks, Old Navy, the City of Portland, Norm Thompson, Rejuvenating Lighting Company, that are currently buying our products. And have either been willing to pay a small price premium or have been helping to bring the market to price parity. Finally, I just want to echo Susan Anderson's comments that commitments from entities like the City of Portland do help to build demand and ultimately to bring prices down. And we have consistently seen that over the past 10 years. Thanks for your -- for the opportunity to speak today.

**Katz:** Thank you. Questions?

**Leonard:** Mayor Katz, I am interested in hearing a response to Paul's concern that the industry was not involved in developing the recommendations.

**Katz:** We'll get to that later on with the staff. Sue, be prepared to respond to that. Thank you.

**Moore:** That's all who signed up.

**Katz:** Anybody else want to address this issue? Sue, why don't you come on up.

**Klobertanz:** The question of process has come up, and that is why I mentioned early on that this was really a shoestring operation from the beginning. We recognize that. The five commodities that we picked were the five commodities that the State Sustainable Supplier Council report from June of 2001 addressed. Their particular paper report that we based a lot of our work on, as I indicated, we used their research, their recommended educations, their baseline, if you will, and then the task force looked at that work and said what additional information do we think we need, the



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task force, the paper task force at that point said, we've seen the industry input from the state effort, and the state recommendations, so at that point they turned their attention inward. So Mr. Cosgrove -- Cosgrove, as well as representatives from West Coast Paper and many other industry groups were on the state task force that we basically took as a starting place and then added our own unique questions to about what we were buying and that kind of thing. So it was a decision that we would not go out and solicit additional industry input at this point, because it felt as if what we were doing was in fact almost a step backward from what the state had already done. If I may, I would like to also address, I've heard the words a couple of times during the last day, significant technical reports, or, items in the report. We've actually had both the resolutions and the attachments reviewed by various technical groups that do this kind of thing for a living, including a representative of the E.P.A. and I am told that they found no technical errors. I'm not an engineer, I'm not an expert in these areas, but the best I can do is rely on people who do this for a living, and I've been told repeatedly that there are no technical errors in these reports.

**Leonard:** I can only say that I've worked with Paul quite a bit down in Salem, and -- in my prior career, and I've always found him to be very forthright and fact oriented, so I'm concerned in voting for something here today that he's indicated there are some errors in, because these are the kinds of goals that I'd like to think our office is -- office is living by currently, and the kinds I live by in my own private life, and I don't want to vote for something that potentially has an error in it that maybe we could identify by going back and asking some questions, including others that might help point out something that could make this a better policy.

**Saltzman:** The issue of the certified wood product in the building products guideline, could you speak to that?

**Klobertanz:** I don't know if anyone from the building task force was -- is here today, but it's my understanding that each task force we gave them the commodity area, and said, go look and see where the city spends its money. Go see where the greatest benefit of change exists. Because of the leads program, because of the particular market and that the number of certified -- there is concern over the number of firms that would meet that criteria, as well as the impact on our small minority women-owned and emerging small businesses, the decision was made not to look specifically in that area this time. The annual report calls us to start up on the next round, if you will, of commodity areas, and I think we would look very carefully at including the building materials and what additional opportunities there might be in that area during the next year.

**Saltzman:** Just given the centralized nature of the city government, the comment about who's going to be tracking patterns of hopefully reduction of consumption of certain resources, the increases of consumption of recycled products and things like that, is that going to be the bureau of purchasing that will be monitoring that and collecting that data?

**Klobertanz:** The annual report talks about as well as the paper policy talks about centralizing more of the printing, and we believe that in combination and concert were the printing and distribution, the bureau of general services, that we can provide fairly clear information on both the purchase and the use of particularly copying paper. We can put together a process to do that.

**Saltzman:** What about some of the other guideline categories, building products, coating and sealants?

**Klobertanz:** We do not -- in any of the -- and I have -- I'll be very candid to say that success factors, how do we measure success in a lot of these areas, that is something we're still struggling with in a lot of the other areas. And I'm hoping Susan can help me out here.

**Anderson:** I think one of the things that's amazing about the city, we have 6,000 employees, and we don't have a resource manager, if we went to somewhere -- we currently track it for energy use. A little bit for water, and everything else we don't do a flow. We don't do a company does, what comes in and what goes out and how much money could we save as a system. And so it's an area that the commission and our office and Sue has identified over and over again as kind of a weak link

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in how we do things. So we're looking at how can we piece it together -- piece it together and have somebody do parts of this, but we don't have one system for how we do that right now.

**Saltzman:** So these are intended to be procurement guidelines for bureaus?

**Klobertanz:** Each one is slightly different. If you look at the list of recommendations in the annual report, in the other areas, if we look to beyond just the paper policy, but if we look to the other ones, there are action items that need to occur. We need to come back to you with changes in code, we need to come back to you with some changes in policy, we also then as individual contracts come through the system, we would be looking to those specific specifications to ensure that we've included the appropriate language. So it's a combination.

**Saltzman:** Ok. Thanks.

**Katz:** Further questions? I've asked -- go ahead.

**Francesconi:** Just a couple. One is, following up on this, all purchasing have to be made by the bureau of purchase on the paper side, part of the goal would be to encourage other suppliers to do it too. We could take that approach. My only concern about this is that sometimes the bureau of purchasing in terms of paper is expensive for small projects. Maybe i'm not violating city rules, but on some small projects occasionally --

**Klobertanz:** For printing and distribution?

**Francesconi:** Yes. We've actually gone outside, just because it's cheaper. We wouldn't be able to do that anymore. And I believe there are some printing companies that follow these good practices. In fact I think the private sector might be ahead of us in some of these arenas. So if we had the ability to contract with companies that actually do it, wouldn't that accomplish the same goals?

**Klobertanz:** Commissioner, i'm a little at a loss to be able to answer your question, specifically I know ron haddock is here. The cost of doing business with printing and distribution since the administrative services review a few years ago has decreased, and that the continuing -- in actuality, by using central printing and purchasing jointly our paper products jointly with the county, that it will become cheaper to do that work centrally.

**Francesconi:** My information could be old.

**Klobertanz:** And ron is here, so --

**Francesconi:** I don't want to get into a debate about that right now.

\*\*\*\*\*: Ok.

**Katz:** All right --

**Francesconi:** One other thing. On this question of the state standards, we've essentially adopted state standards that have already been -- is that right?

**Klobertanz:** Actually, ours are -- I consider to be slightly less than even what the state has recommended.

**Francesconi:** On this issue of when to switch to paper -- the paper to '06 to '04, where is the state?

**Klobertanz:** I'm going to have to take a second and look at their particular -- stacy? Do you know that? I've got a copy here, but I don't know where it is. There are -- state of vermont, san to monica, california, there are many, many jurisdictions that require 100 percent chlorine-free paper right now. Thank you. It's always good to have the technical backup here. Matt, where did you see that here? The state has in 2003 to switch their business cards with process chlorine free and our tree free, and in 20052005 for their uncoated printing papers. So they're at 2005. So again, we're slightly less. 2005 might be a good compromise between the four and the six.

**Katz:** Did you need -- did you want to add anything? Paul, why don't you come on back, but you're a lawyer, and you're good, and you're clever, and i'm not going to allow you to divert us. And i'm going to say the following thing -- if your problem is with 564, we're not going to get into 564. We're going to pass it if you have real issue problems, then if they're real, work with sue and we can always -- and both susan and sue, and we can always come back and amend whatever is in this. So

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I want you to focus in on 565, which is focuses on the products. And look at now therefore be it resolved, because that's the issue. So from there down, what's wrong with it technically?

**Cosgrove:** Madam mayor, the only reason I mentioned 565 is all of the things we have concerns about in 565 are incorporated into 564, and the -- now therefore be it resolved in 564 calls all of those things binding city policy. So my comments can be the same factually, but they're incorporated in both. In 564 -- i'm sorry, i'm shuffling.

**Klobertanz:** It amazing how much paper it takes to be sustainable. [laughter]

**Cosgrove:** The paragraph number 1 is --

**Katz:** Where are you?

**Cosgrove:** After be it resolved.

**Katz:** Which number?

**Cosgrove:** Page 2, 5 skiff, page 2 -- 565, page 2. Reduction of consumption, we have no concern, that's perfectly appropriate. Our concern is in paragraphs two and three. The target is for 10% of paper product purchases to be alternatively environmentally preferable paper by july 2004. That incorporates a definition of alternatively environmentally preferable paper that has lots of problems, both factual and we think also policy issues. The second problem is in paragraph 3, a preference for post-consumer recycled paper content that are processed chlorine free is not a problem, but the paragraph 2 also incorporates totally chlorine free. Mr. Snyder talked about georgia pacific, the paper he was buying, that's our company. That's -- we make that. We make processed chlorine free. That is not the issue of concern. It totally chlorine free is the issue of concern. But in both cases, because of the incorporation of the definitions in the report, those were --

**Katz:** I don't want to get hung up on this. Three says establish a preference, doesn't necessarily say that you've got to -- you're required to buy all chlorine free. It's a preference for it, and one of the issues we've -- we have talked about is to the extent of our ability to push the market to do the right thing environmentally. Now, on two --

**Cosgrove:** Madam mayor, I think I miscommunicated. We don't have a problem with three in the sense it's processed chlorine free. You could do that today.

**Katz:** Ok.

**Cosgrove:** You can buy --

**Katz:** I want to go back to two.

**Cosgrove:** Two is the problem.

**Katz:** Alternative environmentally preferred paper.

**Cosgrove:** Correct.

**Katz:** Sue, do you want to respond to what --

**Klobertanz:** Mayor, if I could, I --

**Katz:** I'm not going to go any further than that.

**Klobertanz:** I need to bring up matt to talk about what they call aepp --

**Katz:** All right. I have a commissioner who wants to have a conversation on this. We're going to keep it brief. Matt, come on up.

**Leonard:** I guess what i'm concerned is, these kinds of conversations should have happened at the task force.

**Klobertanz:** Mayor and council, if I could, and I think paul and I have talked on voice mails for the last couple of days, when I go to the e.p.a. Guidelines, when I go to all of the technical sites, I am told that there are papers and there are products that meet these. So this may be just an area where we agree to disagree.

**Katz:** That's all right. We're just going to spend a little bit much time. Matt? Alternative --

**Katz:** E.p.a. standards.

**Matt Emlen, Office of Sustainable Development:** Right. The reason that the term alternative came up is an alternative to what e.p.a. said. So when a lot of environmental purchasing efforts got

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started, they focused primarily just on the recycled content of the papers. And -- or of anything. But increasingly when people are looking at, what is the -- what makes a product better, they're looking at the full life cycle of the product, from where the input is coming from, in this case we heard from Joe Keating earlier, who was very concerned about when is -- when are products coming from threatened forests, or those sorts of environmental -- looking at the practice of where the sources come from. Other people would look at the recycleability of the product or of the processing. So there were multiple factors that weren't part of the initial e.p.a. guidelines. So this term alternative environmentally friendly paper had come about. This is one of the areas where we mentioned we relied on the states -- state's effort. They've identified a lot of these issues which we then put forward. And what you see here is with the 10%, the 10% push, so to speak, is recognizing that there are some new market standards emerging here, some people trying to certify where the pulp comes from, some people pushing in terms of a higher recycled content, and other people looking at the processing. So this was sort of a -- an umbrella term to say where are we that we're going to be supporting these kinds of different market effort as they emerge. I might say also, there is other kinds of industry input that has come our way over the year. We have been getting a lot of calls from different kinds of suppliers saying, yeah, we have f.s.c. Certified papers, or yes, we have other kinds of -- even free-free papers are emerging now. So there's a lot of complexity that is coming about, even tree-free products. It may be one of the reasons centralization is stronger.

**Katz:** Ok. Thank you.

**Francesconi:** Now I have two questions. First, I'm sorry, Paul, are you -- you did say processing paper that's chlorine free is -- it can be done right now. So -- right?

**Cosgrove:** Mr. Francesconi, yes, it being done right now. Processed chlorine free means that you take recycled fiber content and add no additional chlorine in brightening it up and taking out the ink and making recycled paper.

**Francesconi:** So number 3 could be right now, it doesn't have to be July of 2006. We can change it right now, July of 2004.

**Cosgrove:** Right. I expect you're probably purchasing a great deal of it right now.

**Francesconi:** That's what I wanted to clarify. Now back to number 2. Now I am confused on the definition of alternatively environmentally preferable. You had quite an umbrella and quite a list. Is it defined here in the document? And if so, can you just show me where? I take it it's the prior document.

**Klobertanz:** No, it is in the paper policy an attachment to the definitions and resources. Page a-2-1. You have the paper use policy and attachment 1 and attachment 2. It has the definition of the aapp.

**Francesconi:** Thank you. That's all the questions I have.

**Katz:** Ok. Thank you. I'll take a motion on the date.

**Francesconi:** I'll --

**Leonard:** I'll move the date. 2004.

**Katz:** I do hear a second? Everybody seconds it. Any objections, hearing none, so ordered. [gavel pounded] let's do roll call on 564.

**Francesconi:** I think I'm -- let me make brief remarks on probably both. One is, let me give credit to Commissioner Slam and Commissioner Sten for pushing this effort over the years. It looks like it goes back to 1994, this resolution. And I didn't realize it went -- even preceded all of us on the council, except the mayor. And I'd like to thank the mayor for making sure it happened, and to carry through. I do think using our purchasing power to support important priority goals is important, especially in the area of sustainability. We've also tried to do it in the area of minority contracting. And we're looking at how we can support our own small business community through using purchasing. So this makes perfect sense. I also think it is a tremendous opportunity to brand Portland for the future economy. If you're talking to people like Dempsey already that go overseas

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and are exporting -- importing dollars and exporting services in sustainable development to taiwan, and there's many other examples, using the developing this expertise and putting our money where our mouth is through the purchasing policy makes a terrific sense from an economic standpoint. I think most of all it's what sue started out by saying. It's cultural change. So I really believe as i'm looking at the issue of diversity as well as environmental protection, the workplace is where we can help change a culture, because that's where we spend unfortunately more and more of our time, percentage wise. So being able to model behavior and encouraging it through incentives and education, and good practices, is the way that we're going to reverse the degradation worldwide. So it is really terrific. The last point, we need an environmental management plan for the city that measures what we're doing. This is a terrific effort done by first it started by susan anderson and one bureau doing some good practices. Now it's gradually expanding to the bureau of purchasing. But the only way that we're going to be successful is doing what other private sector and public sector agencies are already doing, including the port of Portland. We need an environmental management plan for the city that measures what we do. And this is a piece of it. Aye.

**Leonard:** I am going to support this, because I -- these are the kinds of goals as I said that I try to live by currently. But I am concerned when a report comes out or recommendation that's don't include all sides. I've learned over my career that the most effective pieces of legislation that i've been successful at included talking to everybody from the industry and those that I didn't necessarily even want to talk to in order to get some kind of consensus. So I will vote for this, but i'm hoping within the next month we can get a report back that addresses some of the input that will suggest -- that was suggested was not received during the task force's work. So we can as the mayor suggested, if need be, look at making changes, technical changes that just make this a better working policy. Aye.

**Saltzman:** I want to commend everybody who worked on this policy, commend the mayor for making this a priority for sue, and all of the people who worked with her, because it really is important if we're going to go to the next level to really make sure that we do it with our pocketbooks, and that's the most important part that people understand, is when the market knows that there are consumers out there who are demanding these products, the market transforms and provides those products. And we're starting out incrementally, this is not the most -- this is not the most cutting edge policy. But for the sake of getting the city all on the same page, getting good guidelines in place and good tangible steps to move us ahead, i'll settle for that for now. I'm glad we did move the preference date for the chlorine-free up to july of 2004. It's really important that this purchasing power of government, we are here to lead. We lead in other issues, we lead with respect to as commissioner Francesconi said, minority and women and emerging small business contracting. We need to lead in sustainable procurement practices as well. Government has purchasing power, and we need to make sure this purchasing power is doing well by this planet and for -- when you look at how much we americans consume compared to people in the rest of the world, it's -- we can make a big dent in consumption patterns of resources on this planet. And this is one small step in reducing our consumption. So it's a good policy, and if there are technical things that do arise as mr. Cosgrove alluded to, i'm sure we can bring back amendments to fix these things. These are not static documents. Aye.

**Sten:** Let me thank the team for having the bureaus push this. The free market is a great thing, but you've got to use it to get the right results. A free market needs clear signals, and I think if we have a policy that's -- that cause a little discomfort, it's probably pushing in the right direction and I think we can still work with industry. My sense is the future of the state is do we adapt our industries to meet the green products that are out there, it's our future environmentally because if we continue to do what we're doing to the planet, there is no future. It's that bad. I also think the world is making changes and this country has its head in the sand, and it out to be Oregon industry that puts different product on the market and getting there before the rest of this country gets there.

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Because this policy is terrific, but it is really not that impressive on a worldwide scale of what's happening. We should be doing a lot more. It's no knock on the folks who are doing it, you're pushing it, and I think we ought to push on industry and reach out hard to industry. I'd like to see more work on the question of how can we favor buying locally, because that saves transportation costs and other issues that are environmental as well. I think there's some amount of discomfort with industry, it means we're pushing, but we need to come up with a strong strategy. But this is what we have to do economically let alone the obvious environmental costs. I'm going to take one point of personal privilege to wish my good friend Joe Keating a happy 60th birthday. Aye.

**Katz:** Happy birthday, Joe. I opened up the conversation with these two resolutions by saying that we as a council have branded ourselves the urban center for sustainable economy. I'm going to add sustainable and creative economy. These are two areas that others have identified as very strong potential strengths for us to differentiate ourselves from other communities. And I underline the word "differentiate ourselves." The success is going to be for this economy, is if we can differentiate ourselves, working with the region, but differentiating ourselves where we're better and ahead of thunder shower communities. And this is one area that because of the leadership starting with former commissioner Lindberg and then commissioner Sten, followed by commissioner Saltzman, and now I get a little piece of it with Sue in purchasing, is to move ahead and to walk our talk. So I thank all of you for participating in this effort and for bringing it to the council. Bring more soon. One of the things in implementation that we can do, it is very simple, and we all ought to do it today, is set your computer to print on double sides of paper. I have done it both ways. Trust me. It cuts it down from this much to this much. 50%. Thank you. Aye. [gavel pounded] all right. 565.

**Item 565.**

**Moore:** There was an amendment on this one. On 565. This was --

**Katz:** We --

**Moore:** Make it citywide basis and binding city policy, that needed to be added to the resolution itself.

**Katz:** Say that again.

**Moore:** It needs to be made a city wide basis and binding, city wide policy. It was not written within the resolution itself.

**Katz:** Do I have it in writing?

**Moore:** It was a memo sent yesterday.

**Katz:** All right. I'll take a motion to adopt that.

**Saltzman:** So moved.

**Katz:** Second.

**Francesconi:** Second

**Katz:** Any objections? Hearing none, so ordered. Roll call.

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] all right. 566.

**Katz:** Before we do 566, there are a lot of citizens here. If it's -- with the approval of the council, I'd like to move 567. 566 is our internal, we have a lot of citizens who have jobs, many of them are within our own bureaus, and we'd like to celebrate with them and then send them back to work. If there's no objection, let's read 567.

**Item 567.**

**Katz:** Let me remind everybody that we made one of our goals to support quality education to produce educated citizens. If you recall several years ago, I think it was commissioner Francesconi and I and some of you, went to each school district's board meeting and presented a plan, our goals and implementation plan of how we were going to be partners with the school district in getting kids to read at third grade level at 100%. Some folks kind of wink and say 98. I always say 100%.

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We're partners with the leaders round table in that effort. We're partners with connecting with kids, with the commission on children's and families, we're partners with Multnomah county. We've worked very hard in -- and maxine, who I hope comes up and says a few words, pulls people together to make all of this happen. But we also set a goal for ourselves here in the city. We worked with your brother managers to provide flex time, and give opportunity for our own city family to do what they want to do to reach that goal. And so smart readers, volunteers in schools, coaches, we're celebrating all you wonderful people who have taken time to make this a reality. I just need to say that we are now up to 60% of employee who's are smart volunteers. And if my staff allowed me, it would be 61. So I want to thank all of you, and ask all of you who are smart volunteers that help us get to the third grade reading level to please stand up. Thank you. [applause] thank you. Then there are those who work with youth groups and coach youth sports. Do we have anybody here? Thank you. [applause] then we have those who volunteer in their own children's classroom. Do we have any here? As smart readers you are volunteering in a classroom. And those who regularly assist schools, parks, special events involving youth. [applause] thank you.

**Katz:** We are a community of caring adults. In fact Multnomah county has caring communities. And you're part of our caring community adults. And I want to thank you and read the final therefore of the resolution. The city council hereby proclaims their pride and appreciation for our city employees who give so generously to our community youth through literacy efforts, through coaching, mentoring and working with youth groups. So thank you all. Carol turner, who is the school advocate who just happens to be in the mayor's office, but works with everybody, thank you for working with all of our partners to make it happen. Does anybody want to say anything? Maxine, carol, any one of our employees? No?

\*\*\*\*\*: Thank you.

**Katz:** All right. Thank you. And we'll set our goal for next year a little higher. And ask more of your colleagues to come with you and to read to more children, to make sure that they all reach third grade leading level, because without that, we all know there aren't -- they aren't going to make it. Thank you. We'll have a roll call on the resolution.

**Francesconi:** Tony hobson says we don't have a youth problem in this country, we have an adult problem in terms of -- that our values -- we talk one way but our actions are somewhere else. You prove among adults that we're working on that adult problem, and you sent a signal by your actions to our young people that you care for them. You're also picking things that are really critical. As part of every school improvement plan and the whole district's approach on closing the gap, reading at the third grade level is the key indicator. So you are part of their strategy. And so it's appreciated very much. And I know from parks and -- the value of after-school -- and as a father -- the value of after-school activities through parks and schools, and all the things you do, how important that is, because we're also trying to produce good citizens. And that's part of it. And then finally, i'd like to thank the mayor. She said in the beginning, and carol turner, she said in the beginning that we were part of this beginning effort. She followed up on this to make sure that this thing happened. So carol, thank you. Aye.

**Leonard:** I had a pleasure, the pleasure week before last of having some young people come into my office from outside in. And I was a little late for the meeting when I walked into the conference room. There was the mayor sitting at the head of the table talking to these young folks, and I walked in and sat down and she was so enraptured with this discussion, she didn't even know I was in the room.

**Katz:** Which is hard to do. [laughter]

**Leonard:** But it really toward me how much the mayor is dedicated to young people and particularly people struggling, and it's really a wonderful experience to see that reflected as well. With the people that work with the city. It's a very, very important task to make sure young people

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don't get on the wrong path, and if they do, we help them figure out how to make their lives better. So I appreciated that that day when the mayor came in and talked to the young people. They loved having a discussion with mayor Katz. And I appreciate all the work you've all done. Thank you. Aye.

**Saltzman:** I just want to thank you all for your getting involved. It's so important. Thank you for your involvement. Thank you, mayor, and carol for leading this effort. Aye.

**Sten:** Thank you. Aye.

**Katz:** Thank you, carol, for all of your energy, leading this effort, and others that will be talking about this morning. Aye. [gavel pounded] all right. Back now to -- thank you, and enjoy the cookies and coffee, and thank you all. 566.

**Item 566.**

**Katz:** Ok, come on up.

**Mark Murray, Financial Planning Director:** Good morning, mark murray, financial planning. I'll do a brief introduction and turn it over to larry to quickly run through the details for you. Three times a year we come before you for recommended adjustments to the city's budget. It's broken into two parts. One is the budget monitoring itself and the second is the minor supplemental, depending on the definitions under local budget law, we have to use one of two mechanisms. Larry will run through the recommended changes from our office that have been discussed.

**Larry Nelson, Sr. Financial Analyst, Financial Planning:** For the record, my name is larry nelson, senior financial analyst with the financial planning division. The spring budget monitoring report, city bureaus project revenues and expenditures to your end and request appropriate adjustments. Of course during this time the bureau may also request a carryover for appropriation for projects continuing to the next fiscal year. And also, allocation of any additional compensation set aside appropriation is needed. This bump contains three major actions. The first of which contain the spring bump is the allocation of the general fund, compensation said aside to bureaus for personal services expenditures are projected to exceed the current appropriation by fiscal year, year end. In many cases, savings and personal services, budgets due to delayed hirings, vacancies or under fill positions preclude the need for additional compensation from the set-aside. Financial planning is recommending allocation of approximately \$1.2 million as part of the spring bump to various general fund bureaus. It should be noted that the police bureau did have a request out of the compensation set-aside, but because of our projection and their projections, having savings and personal services, it was determined they didn't need it. The second action contained in this report are carryover requests which would be included in the proposed technical adjustments from the -- to the adopted budget as increases to general operating contingency carryover. These requests can only be granted of course if the projected year in balance is realized. General fund carryover requests will be distributed if the balance materialized in the fall bump of next year. We have recommended about \$745,000 in carryovers. Significantly the most significant one is within the police bureau. They're requesting about \$555,000 in supportive grant carryover. Grant, thank you.

The third major action are deposits or withdrawals to general fund contingency. As a result of the budget monitoring report, general fund contingency will increase by about \$115,000. It is comprised of the following actions. The cable fund, communications fund, and printing and distribution funds are depositing revenues in general fund contingency. The deposits from the cable and communications funds are additional franchise fee revenue, payments into the general fund which was not previously budgeted. The case for the printing and distribution fund, they're transferring unspent appropriation, which was budgeted in support of the planning bureau's anticipated increases, and mailing costs as a result of measure 56. That measure required citywide notification of property owners within Portland city limits for changes within all zoning, which could possibly impact the cost of property owners. The increased costs never materialized, therefore the appropriation is being transferred back to the general fund. Other general fund



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contingency requests include requested appropriation for the continuation of p.g.e. research, which i'll get into a little later. Secondly, increased costs for the kpmg audit, thirdly, transfer of appropriation in support of a loan to the children's investment fund fore program administration expenses. And lastly, funds to implement the new p.t.e. strategy approved by council in february. The police bureau has made a request from contingency in the amount of about \$977,000 in support of operation safe city, but again, due to the remaining balance and general fund contingency, and other expenditures in the bureau, we did not recommend that. The transportation fund has a request in for general fund contingency for increased costs. This request will be part of the overexpenditure report which will be presented to council within the next two weeks. Technical adjustments is part of this spring bump and include o.m.f., p.g.e. research. The research is continuing and additional appropriation is required. Amendments to the existing contracts, legal council, financial advisory, and evaluation of assets will be brought before council within the next week or so. Current expenditures are anticipated to be recovered through bond proceeds. \$350,000 has been requested as part of the spring bump in support of this effort. Another technical adjustment is contained within the pension bond obligation fund. This is the result of lower than expected interest costs on variable rate pension ponds. This has resulted in a savings to all funds and a reduced cash transfer to that fund. Lastly, the health fund is reducing fund contingency by about \$1.5 million to prevent overexpenditures and claims payments.

**Katz:** Ok. You wanted to bring up an issue?

**Murray:** No. I think we've gone over -- everything involved with the bump. There's also the minor supplemental.

**Katz:** Ok. Go ahead.

**Nelson:** Regarding the minor supplemental, it totals about \$13 million and affects 13 funds. The most significant transactions are occurring within the transportation fund, b.d.s. Fund, and also the water bureau. Within transportation, the recognizing about \$1.5 million in additional revenues, due to the acceleration of the installation of the central pay stations. The bureau of development services is recognizing additional revenue in support of expansion of their facilities permit program, and also the major project groups program. They will add two positions in the facilities permit program, eight more in the major project groups program, new permit revenues will pay for these positions to -- until year end, and also in the next year. And lastly within the water bureau, they're recognizing increased revenue from about \$1.7 million to provide funding for replacement of the new billing system. For b.e.s.

**Katz:** Questions?

**Francesconi:** No questions, but i'm going to -- i'd like to separate out the \$350,000 for the p.g.e., so i'm not sure procedurally if what I have to do is make a motion to separate it out.

**Katz:** Did you want to talk about it first? Or do you want to make a motion? Go ahead and make a motion.

**Francesconi:** Thanks. I'd like to move to separate the \$350,000 and approve -- for p.g.e. purchase and to approve the rest.

**Leonard:** Just a courtesy, commissioner Francesconi, so he can have the discussion, i'll second the motion.

**Katz:** Ok.

**Murray:** Would you like us to, for instance, bring it back as a separate ordinance?

**Katz:** No. Ta, ta, ta. You guys are jumping the gun on these things: Do you want to talk about it? All right. Then the motion is to separate it, and you mean to delete it out of this.

**\*\*\*\*\*:** Yes.

**Francesconi:** It should be deleted.

**Katz:** Ok.

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**Tim Grewe, Chief Administrative Officer:** I would just like a clarification if we take it out of here, is there an intended action?

**Katz:** Why don't we wait until we take a vote. Motion has been made to delete the \$350,000. There was a second. Roll call.

**Francesconi:** Just the only thing I want to say, at a time we're struggling to provide essential city services, I just can't support this. Aye.

**Leonard:** No.

**Saltzman:** Well, a major portion of this budget, we all agreed to commit to looking into the possible purchase of p.g.e. and a -- on a willing seller basis. A major portion of this money is to pay people for work they've already done, and I think it would be a bad precedent for the city to stiff people on paying bills. So i'll vote no.

**Sten:** I think there will be another forum to do some real strong updates on where we are on p.g.e., but just in this forum, a couple of thoughts. There's -- depending on how you want to look at it, this -- from all sorts of issues, from electric rates that are up 30 to 50%, which is having a huge impact on the down economy, to hundreds if not thousands of people's pensions at risk, and probably somewhere on the line of a couple hundred million to a billion dollars that's going to face the state at risk, with the debacle that enron's created, I think it's critical the city council step forward and study these issues, and the original announcement from enron was that they would make a decision in november of last year, obviously it's not november of last year, it's june, and we don't know when things are going to lap. The work has been very methodical and professional and I think we're well positioned when enron makes its decisions, which we have to respect, whether we like that or not, whether we like this company or not, to be able to respond in the public's interest, and it's one of those great situations where you don't have a perfect choice, but not acting will be a lot worse. And I can say that quite confidently, knowing what we need to do and doing it. And that's where we are today. So no.

**Katz:** No. 200,000 of that amount is to pay the bills for the work that's already been done. And I talked to tim a while back that the 150,000 is set aside for the next round of work that needs to be done. I don't want to get into any strategies just because the issue -- we signed a confidential agreement, but there will probably be additional work that needs to be done, and we need to make sure that we're there and we're there in a timely manner, and possibly proceed. So we're not necessarily spending that money right now, but it is set aside for that. And so if things don't work out right, that money isn't going to be spent, and we're going to pay our bills. If things work out right, that money will be spent and we may even have to come back again. We'll see, we don't know at this point. Motion fails. [gavel pounded] all right. Do you want to say anything?

**Murray:** We just need a vote --

**Katz:** I know what we need.

**Francesconi:** Before we do this, this just is a procedural question. It looks like there's an emergency clause on this thing. So do you need --

**Katz:** If you --

**Francesconi:** Do you need this to -- I would normally vote no, but if you need me as a courtesy vote --

**Murray:** Since it is a financial matter tied to the budget we don't really need an emergency clause.

**Katz:** You have a couple of options. You can excuse yourself and then we can pass it as an emergency.

**Francesconi:** Thank you, mayor.

**Katz:** Because I may do that on another item. [laughter] all right. We do -- just for the public to understand, when there is an emergency, we need to -- and everybody's here, it has to be unanimous. And I don't want to push any commissioners to vote on something they feel strongly

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about. And so we either take the emergency clause off and then it becomes a nonemergency and we can vote as we choose, and that will be all right, but it does delay action on something. And there are some issues that we just can't by law, or desire not to delay. And on this one it's easier than to ask the commissioner if he would -- he or she would choose to leave and then we can have four votes that are unanimous. So does anybody -- I challenge anybody else to come up and talk about this issue with us. Anybody want to testify? Roll call.

**Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] thank you. Do you want to get commissioner Francesconi back? All right. Now, 568. Let me just flag that this may one be that we may have to do a little bit of negotiations during lunch or sometime.

**Item 568.**

**Leonard:** Could we keep mark murray --

**Katz:** I've got the right people here.

**Leonard:** Ok.

**Katz:** All right.

**Yvonne Deckard, Director, Human Resources:** Good morning, mayor and commissioners. For the record my name is yvonne deckard, the director for the bureau of human resources. The ordinance before --

**Katz:** I can't hear you. Why don't you replay where we were the last time we had this issue.

**Deckard:** The last time we had this issue, the lmbc voted to put forth a recommendation, and because of change and information, we actually had put forth a partial ordinance which was to get -- was to not to address the issue as for the p.p.a., and the issue -- the use of the reserve issue. We did vote on the rate holiday that was required, and we voted on the use of reserves for -- the elimination of the premium plan. We then had a work session to talk about the use of the reserves. Commissioner Francesconi also because of some bargaining concerns, requested an executive session. We met in the executive session. The council remanded the reserve use issue back to the lmbc. We did meet and we're here today to bring forth the recommendations of the lmbc.

**Katz:** Ok. Keep going.

**Deckard:** So the ordinance before you contains two recommendations from the lmbc concerning the use of the reserves for fiscal year 03-04. The first recommendation is to use the reserves to subsidize the difference between the cap and the rates for all track one employees. The track one employees are those employees on the city core plan and redesign kaiser plan. This will result in a reserve draw-down of \$414,517 of which \$374,296 is attributable to the kaiser plan. The second recommendation is to use the reserves to subsidize the difference between the cap and the rates for the p.p.a. members. I'm sorry, ppcoa members this will result in additional draw-down of \$100,782.

After several failed motions, the lmbc did not pass a motion concerning the use of the reserves for ppa members. Today we're asking you to take action on this ordinance before you and also to amend the ordinance on the floor with respect to p.p.a. members. Section 125 of the o.r.s. Code requires that annual enrollment election under a section 125 plan such as the city sponsored plan, must be made before the beginning of the plan year, which is july 1, 2003. In addition, employees must be informed of the cost of the coverage before the new plan year commences. If this requirement is not met, the penalty would be the o.r.s. could disqualify the plan and make all benefits taxable for at least one year. If there is no decision concerning the cost of coverage for p.p.a. members prior to july 1 of 2003, the language of the existing labor agreement controls. Meaning p.p.a. Members will be responsible for paying the difference between the cap and the rates. That is a monthly premium share of \$214.02 for family coverage for the city select and o.d.s. incentive plan. And \$209.49 for the kaiser medical and dental plan. The sheet in front of you reflects the impact of cost of a variety of options concerning the use of the reserves ranging from zero to 100%. Each box shows the reserve draw-down, what the reserve draw-down would be, and

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the cost to employees, if any. The fourth option is 85/15% -- 85/15% split. 85% covered by the reserves and 15% covered by p.p.a. members. Which pays very close to the premium we would have instituted in July 1 for all other employees. Now, I'd like to stop at this point and invite questions and have an opportunity for discussion.

**Katz:** Ok. Go ahead.

**Saltzman:** On the 85/15, which I guess I suggested that last time we were around, that this be looked at, would result in p.p.a. members paying a premium similar to what other employees are paying right now for city core?

**Deckard:** It would be almost identical to what other city employees would be paying or would have paid if we'd not have a rate holiday.

**Saltzman:** Ok. Great.

**Leonard:** I have questions. I don't know who the appropriate person is to try to answer these for me. But I want to clear up some factual issues. Had we had an agreement effective July 1, 2000 -- 2002 with the p.p.a. When the contract expired, were we not going to increase our payment to the health care fund by 10.5%, effective that date?

**Katz:** I've got other people to respond to it if you don't --

**Leonard:** That's why I was asking if Mark can stay around.

**Katz:** I asked Mark, and Drew is here and Tim is here and Ruth is here.

**Mark Murray, Financial Planning:** Mark Murray, financial planning. In anticipation of an agreement with that union, we had set aside the equivalent amount in the compensation set-aside for fiscal year '02-03.

**Leonard:** Where is that set-aside currently at?

**Murray:** It's in a special compensated set-aside within the general fund, protected. And --

**Leonard:** And we set that aside under the assumption that the basis of which was if we came to an agreement at the table, part of that agreement could include retroactive payment to the health care fund effective July 1, '03, and that money would have been available to do that.

**Murray:** That's correct.

**Leonard:** And if we --

**Murray:** There might have been an agreement that called for the use of those funds.

**Leonard:** And this question is important -- if we the city prevails in arbitration against the police association, and the city's position prevails, that being that they're there not be retroactive payments into the health care fund, how much money would it be that the city realized by prevailing? , assuming that the -- we go to next January before there would be a decision.

**Murray:** I don't know about next January, but for this fiscal year, it would have been a one-time savings of approximately \$700,000. Offsetting that of course are the expenditures and overtime in the police bureau, and the revenue challenges we face also. Because all of that falls to ending balance. If that retro -- that compensation set-aside is not used this year, we can use it to hopefully realize the budgeted ending balance, and therefore the budget beginning balance so I don't have to come back to you in the fall and say --

**Leonard:** Gotcha. But it is fair for me to say that if we came up with a proposal, for example, where this council agreed in principle that the -- during the term of bargaining the p.p.a. members and p.p.a. members should not have to pay out of pocket for health insurance costs, and if we partly subsidized that cost through the general fund, that money is set aside?

**Murray:** For this year only, one time.

**Leonard:** This year meaning through --

**Murray:** Through June 30.

**Leonard:** That's \$750,000 that's there for this fiscal year?

**Murray:** That's my understanding. Tim, anybody else care --

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**Katz:** Let me ask the question, I think -- commissioner Leonard is on track, did you anticipate -- I think that was the other question you wanted -- did you anticipate that 700 some-odd thousand dollars for the ending balance that was going to go into the beginning balance.

**Murray:** Yes.

**Katz:** You did?

**Murray:** We did, once it became fairly obvious there was not going to be an agreement within this fiscal year. So it does play into the latest projections that you've been working with, and it does play into the projections we've been using to balance the budget for '03-04.

**Katz:** So the net effect, even though the money is there, if that's what we do, or a portion of it or whatever, we would have to -- we would have to come back and do some budget adjustments.

**Murray:** That's a possibility. That's a very real possibility.

**Katz:** Ok. Are you finished?

**Leonard:** Yes, I'm finished with questions.

**Katz:** All right. Let me -- go ahead.

**Saltzman:** I was going to put Yvonne in the awkward situation of asking she had a recommendation. [laughter]

**Katz:** Yvonne, grab the mike. And then give us an explanation for your recommendation, because she's in a difficult position on this one for a variety of reasons.

**Deckard:** I guess first I want to say that normally this is not a recommendation that I think is appropriate for the b.h.r. director to be making this, is an issue between I think the council and Imbc. So I'm going to preference my comments with that. However, since commissioner Saltzman has asked what I would do, I'm going to give you my opinion. I guess I would look at it that way, obviously I'm trying not to do this. I think there are some approaches that the council could take that would represent what I would term as -- I'm trying to choose my words wisely. I'm going to say probably a fair approach, or a logical approach at least from a b.h.r. perspective.

**Katz:** I'm getting some help by my colleagues who are very kind to you, who don't want you to be put in a bad spot working with the labor management committee.

**Leonard:** And did I think of another question. I think you're getting overruled.

**Francesconi:** I agree with that.

**Katz:** Everybody -- we're -- go ahead.

**Leonard:** The question I wanted to ask is, if -- effective July 1, were we to keep the p.p.a. and ppcoa members whole in terms of them not paying anything out of pocket, and we were to do that for six months, what would that extra cost be? Do you have that?

**Anna Kanwit, Operations Manager, Human Resources:** Out of the reserves?

**Leonard:** I'm just asking what the cost would be. What would the cost be -- increased cost in the total amount of dollars that we're talking about?

**\*\*\*\*\*:** I'll let David answer that.

**Katz:** 2.8.

**David Schaff, Employee Relations Manager, Human Resources:** It's the 2 million you have in the --

**Leonard:** I'm talking about ppcoa --

**Schaff:** Six months it's half of the 2.01 million, and -- a little over 1 million.

**Leonard:** I thought you included that figure --

**Katz:** Identify yourself for the record.

**Schaff:** David Schaff, the employee relations manager. Look in the lower left --

**Katz:** And cut it in half.

**Schaff:** The 100% box, the line for p.p.a. is \$2,442, that's for a year, so half of that would be \$1,620 --

**Leonard:** What are we talking about all together? For 2.5 million?

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**Schaff:** That 2.5 million, the cap gap, would be for the entire year.

**Leonard:** So 1.25 --

**Katz:** Your six months.

**Leonard:** 1.25 million is for six months. Ok. so half of that would be \$512,000.

**Murray:** Commissioner, for a point of clarification, that amount has already been included in the target budget that the bureaus were issued back in december. Whether it's budgeted in the personal services line item somewhere else, I can't verify immediately, but I will.

**Leonard:** Just so I understand that, in the police bureau's budget, they've already budgeted for what that cost would be?

**Murray:** The approved budget that you -- will be brought forward to the adopted budget does include that as part of their appropriation.

**Leonard:** Total 1.25?

**Murray:** Total year for the total year.

**Leonard:** So if we didn't spend any money out of the general fund to help subsidize the cost to police health care, we would make that much money. We would not spend that much money.

**Murray:** That amount is in their general fund. Whether -- whether council directed them to spend only six months, that could accrue some savings. But then again if we anticipate an agreement, it would be spent anyway. It's sort after moot point.

**Leonard:** The point for me is this. We've had a lot of discussion obviously about this. And I share obviously the council's concern about brand-new increased expenditures out of the general fund. Commissioner Sten, I had a very frank conversation about that, and he made an excellent point, arguing that's not a good policy. I agree with that. But that's not what we're talking about doing here. I think what we're talking about doing here, and I hope i'm not being premature, I think -- i'm trying to cut to the chase a little bit and say that I think that the city has an obligation with the employees to maintain their benefits at their level during a process of collective bargaining. That's a principle I have. And I think that we also should as a council, agree that we shouldn't -- we shouldn't enrich our self because an employee group is choosing to use a collective bargaining process. For me I think a reasonable solution would be to have the health benefit fund pay 50% of those increased costs, and the police bureau pay the other 50% of those increased costs, up to and ceasing on january 1, 2004. I think that is a reasonable solution, keeps obviously not everybody happy, but there will be some people unhappy with that, but I think that's a reasonable solution.

**Katz:** Ok there. Are other issues I want to explore. Ruthie, did you want to say anything?

**Ruth Roth, Office of Management and Finance:** Ruth roth, office of management and finance. I need to make a clarification, a connection of what mark said. Within the general fund targets for the upcoming fiscal year, it was assumed that each bureau had received the full set-aside for the current fiscal year, and that rolled over -- rolled over to the next fiscal year. However, that is different than the cap gap. The police bureau does not have within their target appropriation for next year, dollars to cover the cap gap. It has dollars sufficient to pay for the 10.5 cap, all right, but that is a different --

**Leonard:** How many dollars is that?

**Roth:** I'm sorry, commissioner, would I have to check withdrew on that. But that is a different pot of money than this pot of money we're talking about, and these things have somehow gotten confused. Even if the police bureau had budgeted within their next year budget dollars to pay for -- the 10.5 cap, there is still a difference between the cost of the health premiums and the cap, and reserves would need to be drawn down anyway.

**Leonard:** But what is that difference?

**Roth:** I would need to find that out.

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**Leonard:** My understanding is, what i've heard is that we have identified that had there been a settlement July 1 '03, we would have had begun paying that increased 10.5%. There wasn't a settlement, so those dollars weren't suspended.

**Roth:** That is correct. That is correct.

**Leonard:** What i'm suggesting here would actually be using not that total amount, but \$512,500 of that \$750,000 as a way to get through six months of the next fiscal year in covering the police cap. That being half, the other half coming out of the reserve fund, the health benefit and reserve fund.

**Roth:** I understand that is your recommendation. I just wanted to correct the misstatement that all of these dollars are budgeted --

**Katz:** Just a minute. Let me -- thanks. Let me just understand and understand correctly, if we do that, I need to clearly understand what the implications are for me as we finish, almost finish the budget for the city for the next fiscal year. Tim, do you want to come up? And then we can continue the conversation. As Tim is coming up, I flagged, as I usually do, that we may not -- this is an emergency. This has to have four votes. And I flagged it very early that I will not dip into the general fund. I'm willing to do -- i'm willing to take care of this issue and dip into the reserve fund. So the dynamics of how we get through this may be challenging, and we may have to work through the lunch hour to get it done. So I need to be up front with everybody on that. I will not cut police and fire budgets anymore. So that's why I need the answer.

**Tim Grewe, Chief Administrative Officer:** Tim grewe, chief administrative officer. I want to clarify the question. The question is whether or not council took money from the general fund --

**Katz:** Answer Randy's question.

**Francesconi:** First say the precise amount, if you would, under his suggestion.

**Grewe:** Randy -- commissioner can you repeat your question?

**Leonard:** I guess i'm asking you to verify what I understood from our prior executive session, and that is, we had identified what the increased amount the city would have paid, 10.5%, over what they were paying through the term of the last collective bargaining agreement that expired 6-30-03, and we've identified what that dollar amount is, and we have designated what that is, and set it aside, understanding that we were there to be a settlement, that money would be paid retroactively to the health benefits fund to cover the increased 10.5%.

**Grewe:** It is true the 10.5% was put in the compensation set-aside. Because we haven't had a settlement, that compensation -- that adjustment is not -- has not been required to make. Had it been in the budget this year, if we had settled, it was being expended, the reserve draw in the health fund would have been less. Nevertheless, we still would have had proportional prior to the other labor organizations. Next year we have the provision as if they had the 10.5, like we settled, and there still would be a portion of the reserve required for the difference between that and the cap gap.

**Leonard:** Under the current plan.

**Grewe:** Yeah. If they switched to the -- under -- it would be -- if we don't settle it will be the larger draw in reserves. If we do settle and they have a plan similar to the other labor organizations, there would still be a minor amount of reserve required.

**Leonard:** The point being that --

**Grewe:** We avoid a cost.

**Leonard:** But we designate dollars and set them aside in case there's a settlement in the current fiscal year. In the next fiscal year we've taken that 10.5%, and did you increase an amount over that 10.5 --

**Grewe:** We put that 10.5 into the police bureau's appropriation, because -- we're assuming that be some type of settlement.

**Leonard:** Do you have an escalator in that?

**Grewe:** I'm assuming we have appropriations sitting in the compensation set-aside as well.

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**Leonard:** My question is separate from that. We have another July 1 coming. What is the escalator that you have in all -- in the ppfa agreement for an -- for an increased --

**Grewe:** We assumed next year's increase consistently as 5.1% across all unions.

**Leonard:** In addition to the 10.5, we have 5.1 coming up July 1. How did you calculate that into the police bureau budget?

**Grewe:** If I understood when Drew told me earlier, I hope I'm understanding your question, just bear with me, we went ahead and increased the police bureau's target as if the 10.5 were in their budget. Then we held aside in the compensation set-aside a 5.1% c.p.i. Adjustment for next year.

**Leonard:** In addition to the 10.5.

**Grewe:** Yes, sir. So it would compound --

**Leonard:** A total of 16, 15.6% this July 1.

**Grewe:** On benefits.

**Leonard:** Setting a side in anticipation of a settlement.

**Grewe:** Right.

**Katz:** Was your question, though, the fact that we're talking about the savings for this --

**Grewe:** Yeah.

**Leonard:** Both.

**Katz:** I want to separate that, because that -- the issue could be, and I don't know where the council is going on that, the issue could be if you tap into the resources, you were prepared to tap into the resources that we set aside for this fiscal year.

**Grewe:** Right. In the event that they had settled and we were making a 10.5 expenditure, what that would have done is increased the police bureau's expenditures. For police. That then would have -- and what happened since they didn't do that is we avoided those costs, and they are now feeding the ending fund balance, which is -- becomes a beginning fund balance for next year. So in our expenditure line, since those expenditures haven't been made, because we look at this from a fund level, total expenditures, and total resources, that defines the ending fund balance, we make some adjustments, so you spend let's say 700,000 now, what that will mean is we have \$700,000 less in our ending fund balance. And as of our last accounting period, we're now standing some \$2 million short of the budgeted balance for next year, we're optimistic that will come up, but we're on a track right now of not making balance. That's not the fault of the union for having settled, that's just the way things are.

**Leonard:** If we did something creative like this, took the \$1.25 million and half of it come from the health benefit reserve fund, and the other half from us, repaid over six years without interest, that comes to \$85,400 a year.

**Grewe:** If we did over five years.

**Leonard:** Six years. \$154,000 a year from us to the health benefits reserve fund, is that amount reflect -- is that increased amount that would come out of next year's budget, \$85,400, covered by the 15.6% increase you have built in for health insurance increases since July 1, '03?

**Grewe:** I believe the answer to that question is no. Because at some point they'll get the 10.5 next year, and at some point c.p.i. Will come in and make a further adjustment for that. Now, if the decision is not retroactive and time elapses next year, in other words, we're six months into the year before we have a settlement, then there would be appropriation freed up in the capital set aside, and part of the 10.5 would have -- wouldn't have been expended either. We always assume it may be retroactive to some degree back to July 1. From a fiscal policy standpoint, I wouldn't want to see us make that assumption prematurely, so the answer to the question is, this would be an additional payback --

**Leonard:** Assuming --

**Grewe:** You're saying we would take this money from the health fund reserve?

**Leonard:** No. Yes. Yes.



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**Grewe:** And pay back over --

**Leonard:** Yes. 85,400 is what I have.

**Grewe:** Since that's an expenditure that's going to occur this year, we would then have that as an additional expenditure of the general fund following year.

**Leonard:** Fit was a retroactive --

**Grewe:** To July 1.

**Leonard:** If it wasn't --

**Grewe:** And we didn't settle on July 1, we would be accruing savings --

**Leonard:** As I understand it, the city's proposal is that it not be retroactive.

**Grewe:** That's correct.

**Leonard:** In its package.

**Grewe:** Yes.

**Leonard:** And the city's been telling anybody that will listen they're going to win.

**Grewe:** I don't think we'll be settled by July 1.

**Katz:** That's a whole -- yeah. Ok. Hold off. Let somebody else get a chance.

**Saltzman:** I'm going to make a suggestion. I'm uncomfortable appointing -- operating in the worlds of suppositions that we settled last July 1, has our final best offer become the offer that prevails. These are all things we don't know and I think we're dangerously knocking on the door of bargaining in public to -- so that makes me uncomfortable too. I am also uncomfortable that somehow throughout all this the general fund finds itself on the hook this. Was not our issue. We originally had a recommendation of 70% health reserves, 30% premium out of pocket by p.p.a. The alternative, which seems undesirable to the majority of the labor management benefit committee, is 100% out of health reserves. So I feel we should land somewhere for the sake of compromise to get this issue behind us, hopefully maintain some unity among our bargaining units, I think it should be 85% health reserves, 15% out of pocket, for no more than six months, we all believe -- the one supposition everybody agrees, we will have a decision and we'll have a contract by January 1. We can't guarantee it, I know. So that means p.p.a. members will pay 15% out of pocket, which as Yvonne said is basically identical amount all of our bargaining units would be paying out of pocket. But for the rate holiday. So I think there's a certain fairness with the amount. I agree it's a burden. And I guess finally I just -- I think the general fund is being somehow found on the hook, and I'm reluctant -- although Commissioner Leonard's proposal sounds pretty attractive, it reduces the obligation, the precedent, encumbering the general fund with obligations that fall out of bargaining and LMBC decisions makes me extremely anxious. To go down that route. So I believe in the interest of fairness this is probably a good compromise that gets the issue behind us and I believe hopefully for no more than six months we'll have a premium that p.p.a. members will pay that's no different than what other bargaining units will be paying.

**Katz:** Before -- first of all, we need a public hearing on this. But I'm glad that folks are putting some of the issues I have put mine, and maybe others will want to before we open it up. I need to -- I need you to think about the payback and the policy on that, but I need to better understand the impact of the whole collective bargaining. We are in fact bargaining now in public on this issue. So help me out. What happens if we're still in front of arbitration after January 1?

**Kanwit:** Anna, operations manager for the bureau of human resources. There's a couple of issues, Mayor, in terms of the bargaining piece. One is if a decision is made to take money out of the general funds, that doesn't affect, increase the city's contribution and the process would be we would have to bargain that. Compensation is mandatory. Subject to bargaining. The second in terms of the impact down the road, we have selected an interest arbitrator for bargaining with p.p.a. As far as I know, we don't yet have dates for the hearing. And once the hearing is completed, although the arbitrators generally I think -- had or are expected to render their decision in 30 days, our experience has shown it often takes two to three times that to get a decision. Obviously the

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parties are at the mercy of the arbitrator at that point. To see when the final decision comes in. So we would certainly hope that this is resolved by -- before the beginning of the year, but we can't guarantee that at this point. It's really in the hands -- will be in the hands of the arbitrator.

**Katz:** All right. Further questions?

**Francesconi:** General fund can't pay now. We don't have any money. The principle of paying back over time because this doesn't seem fair to me to the other collective bargaining units, frankly, and what i'm concerned about is the cost of the city, and where i'm stuck is, I don't know which -- because of the effect on potential collective bargaining, both with police, but with fire, we're talking about a certain amount of money, but what's really at stake is the collective bargaining. And that's where the real expense is to the general fund and to the city. And so that's where i'm struggling here. Because I can't tell the long-range consequences of what we're doing here. In terms of the collective bargaining, which is my main concern, frankly. Commissioner Leonard's approach has some appeal until Anna said, but then you had to bargain that. And then that unsettles our relationship with labor. I guess I want to ask -- Commissioner Sten, who's been trying to improve our relationships with labor, as to -- because that's now -- that's not a collective bargaining issue, i'm just asking in terms of our relationships with labor, what advice you have. If you want to --

**Sten:** I'm kind of waiting until after the hearing. My opinion at this point is that we should pick up -- I understand Commissioner Saltzman's point of view, but I think we should pick up 100% of the cost for the two unit to get through six months, and I don't know how to do it, but I think we ought to put six months on it so that if it doesn't get settled in six months, that's it. That puts pressure on both sides to do it. I am -- this is one of those issues where I don't think there is an answer that's going to make everybody happy. I'm really with the mayor, i'm not willing to go to the general fund at this moment in time. I don't think it is fiscally prudent, and I think it creates all sorts of issues. From the other labor point of view, I don't think they're all going to agree to this. I think they'll be unhappy, but in the long run preserving the notion that unions don't get penalized for extending bargaining under their rights is the key principle. And that over time we're all going to have to find ways to both save money and probably increase the money that goes to the benefits, given what's happening with health care costs. But go-to-go to the general fund right now and do that I don't think makes any sense, especially when the reality is there's a health fund reserve that has still got a lot of money in it. And with fire stations going under staffed, police vacancies not being hired and community centers being closed to say we're going to the general fund to keep some peace with union who's are going to have to work through this in the future, I don't see it. That's my personal view. That's probably not an answer on how do you keep all the labor unions happy. I don't think you can on this issue.

**Katz:** Can we open it up now for public testimony? We'll come back. As I said, I think we may need to have a little bit more conversation on this. This is an interesting government dynamic. For anybody who's studying government.

**Saltzman:** I think it's more like family relations.

**Katz:** And family relations as well. And the need to get to closure without stepping on anybody's toes. All right. Do we have anybody who wants to testify? Robert?

**Robert King, Portland Police Association:** Mayor, members of the council, Robert King, president of the Portland police association. Our point in this has been that the health insurance reserve fund is there, and it has historically been used for this purpose, and there's been no bargaining unit either in bargaining or not that's paid out of pocket. The principle that we stand on is one of equity and fairness. We also recognize that there will be no city employee who's will be paying over this next year given the recent action by the council, which provided for the rate holiday. It is a six-month time frame. I think that's a realistic time frame. And I also appreciate Commissioner Sten's comments about the principle that -- which I think is a good signal in the midst of all of this, not

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just p.p.a., but to all of the unions in the city. And that is that -- clearly we're in a position now in bargaining where as a council, as a city, you could take action that would adversely affect our ability to effectively bargain and you're disinclined to do that, and obviously really struggling through all this. I think the long-term -- the short-term view of people that are involved I think is outweighed by the long-term view, which really is that we'll treat everybody fairly in this process, whether it's p.p.a. or pffa or any other bargaining unit, and even when you're vulnerable, we'll stand on that principle. So for us it's that equity in fairness, and we also really appreciate the commissioner Sten's point, and we just hope that you'll find your way to support us during these next months at 100%. Thank you.

**Katz:** Thanks. Anybody else? All right. Yvonne, did you want to say anything? Go ahead. And then I want to get a conversation with the council whether we think we can get to a unanimous vote, or if not, if we can get to four versus five.

**Deckard:** Just real quickly, one clarification on behalf of the ppcoa. Dave has asked that we make clear to the council that in the recommendation the lmhc did forward a recommendation to support the use of the reserves for the ppcoa 100% for a full year. And that's part of the recommendation that you're looking at.

**Leonard:** Under the same health plan as the p.p.a.?

**Deckard:** Correct.

**Leonard:** What is the rationale for agreeing to pay one unit's -- entire amount when the plan is identical and not another?

**Deckard:** I think the rationale for the lmhc for that time, it was that they felt that both p.p.a. and fire have bargain and gotten 100% coverage for a four-year -- full year that they were in bargaining for the first year, and because the ppcoa has just come to the table and has had only a few months to bargain, they wanted them to have an opportunity to at least bargain up to 12 months and have the reserve cover. I think that was the rationale as they stated it.

**Katz:** Ok.

**Leonard:** I'm prepared to make a motion.

**Katz:** Just a minute.

**Leonard:** Discuss and it do with it as we wish.

**Katz:** Ok.

**Leonard:** I would move that we keep the p.p.a. and -- apparently not the ppcoa, but the p.p.a. Whole through January 1, 2004, by not having to pay out of pocket, and that would be funded by 50% from the health benefits fund and 50% actually 100% from the benefits fund and 50% of that amount repaid over a six-year period by the city council to the health benefits fund in the amount of \$85,400 a year for six years.

**Katz:** Do I hear a second?

**Leonard:** Not even a courtesy? [laughter] I'd like to talk about it.

**Francesconi:** Oh. Second. [laughter]

**Katz:** You know, I recall -- you can talk about it -- you can give a rationale for your motion without a second. So you get a courtesy of talking about it.

**Leonard:** Ok.

**Katz:** It's not like in the legislature where they penalize you.

**Leonard:** It just dies. I agree with everything that's said here. I don't think the general fund should take on any extra responsibilities. It's not. These are dollars that were identified and set aside and it is in fact the case that the city is spending money they otherwise would have paid into the health benefits fund had they reached a settlement July 1, '03. I consider it unfair to all the other bargaining units for the city to use money that otherwise would have been paid into the fund to help keep the rates down for all the groups and spend it on other programs. And that's what we've done. This in fact motion, if it passes, I think, yes this year we might struggle with the 85,400, I kind of

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doubt it, because I do sense there is money set aside anyway for this. And I think in outgoing years we'll have in problem repaying this. I think it's the right thing to do.

**Katz:** Ok. Further discussion or desire to vote on the motion? There is a second. Roll call.

**Francesconi:** I think it is a fair approach, because in the sense that it penalizes the other unions, but the reason I can't support it is there's two. I've heard the mayor and the budget office say we have to redo the budgets, all the general fund budgets. So wherever the money is, that's what's going to end up happening. And we don't have the resources for that. And then the second problem, even more substantial for me, is the legal consequences of this. Which opens up a whole other can of worms here. That as we're going into bargaining, we just can't afford to have happen. No.

**Leonard:** Aye.

**Saltzman:** For the reasons I stated earlier, my concerns are about the precedent setting of unencumbering the general fund through this manner, and so i'm going to vote no.

**Sten:** I've already made my reasoning out. No.

**Katz:** No. [gavel pounded] ok. Motion failed. Let's make another motion.

**Saltzman:** I'll make a motion to use -- to fund the gap 100% from the health -- the health reserve. For p.p.a. and pcoa for six months.

**Deckard:** You're amending it to fund at 100% out of the reserves for the ppa for six months.

**Katz:** P.p.a.

**Saltzman:** Yes.

**Katz:** Ok.

**Deckard:** Pcoa is already in the lmbc recommendation for one year.

**Katz:** So we don't need to --

**Deckard:** You don't need to deal with the pcoa.

**Katz:** Roll call. Let necessity just say, if commissioner leonard, if you feel uncomfortable supporting that --

**Leonard:** I support it.

**Katz:** Ok. Good. And we'll get through today. Roll call.

**Francesconi:** Aye.

**Leonard:** As I said, the overriding principle for me in this entire debate has been that a bargaining unit should not be punished because they're using the collective bargaining process. Which is essentially what was going to happen. I think it's real important and I really appreciate the discussion here today. And -- because I believe it shows employees and particularly in this case the Portland police association that we do care about them. And for us to make our promises of improving labor relations, we have to actually do things to make that happen. And this is one of the kind of things you do. Obviously it's not exactly how would I have financed it, but that's not the point. The point is it achieves the goal of holding them harmless during the period of collective bargaining. Aye.

**Saltzman:** I think the -- this makes the best out of the situation. It's unfortunate, I know the many bargaining units do not want this much of a draw-down, or potential draw-down of the health reserve fund, so my only comment would be for the sake of unity among the bargaining units, I hope the Portland police association will find a way to meet with us and have a meeting of mind and get a contract before the end of the year so we can lessen the draw-down of the health reserve fund. Aye.

**Sten:** That would be nice. I guess I also want to mention, I don't think we really know what set-asides are not what the actual result is going to be, because the arbitration can go a lot of different ways. If it goes one way, we won't have enough money to said aside and we'll be redoing the budget. So there's a lot of I think ambiguity there. So I think for basic reasons that -- I think we will need to work with the other labor unions. But I think the underlying principle is you keep your

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health benefits until we get a settlement, and I do think there's some real analogy and presentation there, not exactly precedent for what happened with the fire bureau and other folks, and I think it's a principle that we can affirm, but at this moment in time to basically borrow -- borrow money out of the general fund when you have health reserves -- the issue of health reserves and how to fund benefit assist going to be something that's going to take enormous amount of work, some new thinking, and more money over the next decade. And so starting with labor management collaboration meetings that are happening this week. So I think that the challenge for us and all the union assist to say, this one's an odd situation, let's affirm the right principles, and get back to work on figuring out the long-term solution here, meanwhile, it's been two long a negotiation with the p.p.a., I -- let's get settled in the next six months and until then it's the best step to take. Aye.

**Katz:** Mayor votes aye. [gavel pounded] thank you, commissioner Leonard, for being flexible on this and making your point. All right. Let's go down to regular calendar. 597.

**Item 597.**

**Katz:** Does anybody want to say anything? Anybody want to testify on this? Roll call.

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] let's read 598, 599, 600, 601, 602.

**Items 598, 599, 600, 601, 602.**

**Katz:** Why don't you come up, let me say a few words on behalf of the council. Again, I want to thank the council. The business community, the school district, this piece is for this spring only, but it will continue as we work through the next three years. We are asking the business community to do more for the children of the city of Portland, and for Multnomah county. To that, we extend our greatest appreciation. And it may be difficult at a hard economic time, but what will be more -- even more difficult if our young people aren't educated. And when they turn to a work force that will not be prepared. So this is one of the things we do now for the future, and quite frankly, we do it for today. You have heard me say over and over again, that I could not -- the council could not sit still and have us humiliated and embarrassed by a cartoonist, and so this part basically sends the message to the entire country, Portland took care of its children, Portland differentiated itself from the rest of the state. And that was good. Good work. Mark, we've invited some people to say a few words. Do you want to say something?

**Mark Murray, Office of Financial Planning:** Just a few words. We will be back -- it's actually going to be -- for this year it will be a borrowing of about \$19.6 million through a line of credit, and then we'll -- the i.g.a. gets that money out to the school districts. The payback of that loan is indeed the businesses stepping up and agreeing to pay it back with license fees over a period of time.

**Katz:** Jim, why don't you come up.

**Saltzman:** I have one question. So we're making available it entire 19.6 million right now? Is that correct?

**Murray:** That's correct, for this year. And then the three following years \$6 million per year we'll bring forward separate i.g.a.'s for that action, but we wanted to make sure we got through this year cleanly for the schools.

**Katz:** Why don't you come on up, jim, and -- jim just sent an email to all of you this morning about how he's going to handle all of this in terms of the business communities.

**Jim Wadsworth, Director, Bureau of Licenses:** Thank you, mayor. I'm jim wadsworth, the director of the bureau of licenses. We'll begin today, or early tomorrow sending out the business license fee surcharge bills for the 1% surcharge for the tax year 2002. We've tried to recognize the business stepping up to help us fund the schools, and we've set up a three-month payment plan that will be available to all businesses if they so choose to use it, that will allow them to pay for the surcharge during the months of July, August, and September of this year. We're going to try to be as I said in the email, which I sent to all of you, we're going to be administering this in the professional and caring understanding way that we do. We know that our businesses are hard pressed during

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these economic times, and our goal is to be able to help them comply as best we can and make it as easy for them as we possibly can.

**Katz:** And let me add that's not necessarily in this resolution, that we signed all of the agreements, it came with accountability that we are requiring of the school district. It's the school efficiency and quality advisory council that I will sit on, that will be dealing with closing the achievement gap and making sure that all of our children succeed all of our children, I underline that, there will be health benefits advisory group that commissioner Saltzman will be sitting on to make sure that we deal with the cap on health benefits so that we begin in addition there will be report cards that will be sent to every household and we will have not one, but two auditors reviewing how the money is being spent. So if people are concerned about, so what are we getting for all of this you're getting a full school year, you're getting all of the elements I just outlined for the accountability purpose, and quite frankly from reading the paper today, if anything happens, the earliest it appears to happen is the year 2005, and quite frankly we can't wait that long. And jim's been very good about being very sensitive in how he -- and commissioner Leonard will be managing this difficult time.

**Francesconi:** What were you saying about 2005?

**Katz:** There is talk at the letter right now about a consumption tax and someone else has a sales tax, but the timetable for that appears to be down the road, and not even fully implemented by 2005. So having said that, if the legislature does something, we will have the option if we want to - to reduce this school portion, and I would recommend we do that. Then we can sit down with the county and see how we work that issue out with the county. But right now there's nothing to recommend at this particular time because they haven't done anything. Thank you. All right. Let's come up and talk with us. Go ahead.

**Heidi Franklin, Interim Chief Financial Officer and Controller for Portland Public Schools:** Mayor Katz, commissioner Leonard, commissioner Francesconi is gone, commissioner Saltzman, and commissioner Sten, for the record, my name is Heidi Franklin, the interim chief financial officer and controller for the Portland public schools. Yesterday June 10, was the last day of school for the students in our district. And tomorrow will be the last day of school for most of the teachers in our district. And thanks to you, these last days are happening in June as scheduled, and did not happen a month ago in May. On behalf of the superintendent Jim Scherzinger, the teachers, administrators and staff of Portland public schools, and the students and their families whom we serve, we thank you. Our core mission of educating Portland's for children in grades K-12 was threatened by the prospect of a 24-day furlough. The city's leadership in raising the business license fees and the business communities support in paying these fees is so praise worthy, that thank you hardly seems adequate. For lack of a better word, again, we say thank you. We also thank the mayor for her contribution and settling our teachers contract and averting the disaster of a strike. The \$14 million from the city, coupled with the 10 million in teacher pay cuts allowed us to fully restore the school year. These bold steps were instrumental in the initiation of the county wide income tax of measure 2648, which will provide stable funding for all school districts in Multnomah county. Again, please accept our heartfelt thank you. The voters have entrusted these funds to us and we know we have to show results. One way to do this is to demonstrate clearly out there our accountability. The district has developed a strategic action plan encompassing five goals in corresponding key initiatives and performance measures to track how well we are doing. Each department is preparing goals and initiatives and performance measures aligned with and in support of this plan. Department plans will be approved and monitored by the district's management team. There will both be a report on academic achievement and a citizens budget report to be published to document how we accomplish our goals. The budget for 2003 and 2004 includes funding to start an internal audit function, and is part of the three-year funding the city and county are forming a monitoring team line of what Mayor Katz has already described to provide further accountability. I understand the superintendent and the chief academic officer have had preliminary conversation was some of

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you about the districts action plan and the accountability system and how it might relate to the monitoring team. Please be assured that the board of education has been very clear that accountability is a top priority for them as well. The financial stability that results from the increase in business license fees and the passage of measure 26-48 free to us focus on our core mission of educating children and one more time we say thank you.

**Leon Austinson, Director of Business, Reynolds School District:** Leon, the director of business at reynolds school district. Again, thank you very much. On behalf of the school district, and over 10,000 students, we have 16 school buildings in east county, three of which are within the city limits of Portland. This year our board of directors authorized us to reduce ten school days. We have added back two, so -- and this money is a result of that add-back. So we really appreciate that. Thank you very much.

**Mary Larson, Director Business Services, Parkrose School District:** Good afternoon, i'm mary larsen, director of business services for the parkrose school district. Again, thank you. This has been a meaningful exercise in what government can do for the schools and the support that we've seen. The funding that we've received has helped make the commitment for the school year providing all of the services that we can. We did have a reduction of the six days that we weren't able to make up, but we did have our last day of school yesterday as Portland public schools did, and feel that we're able to maintain a full and balanced and meaningful plan for this current year. For next year, it has helped bring our sustainability plan for our school district. We're adding teachers back into the classroom, and I think that that's the greatest thing that we can be accomplishing, because it will have student results for us. So thank you again on behalf of the students of parkrose school district.

**Katz:** Thank you. Thank you very much. Anybody else, karla?

**Moore:** No.

**Katz:** Ok. There's nobody else, then roll call. On 598.

**Item 598.**

**Francesconi:** During recession for most businesses and actually a depression for some businesses, for them to dig into their pockets to support the schools I guess i'd like to add my thanks as well to them. It was worth it. It's not just doonesbury, it's the fact our whole economic climate, you can't attract anybody here or keep businesses here unless there's a stable school system. Having said that, I do think it's all of us who have to redouble our efforts to make sure not only if any revenue comes in from the state, that we immediately reduce the business tax. But also -- and the personal income tax. But that we also redouble our efforts to make sure there's a statewide solution. We are part of the state, and we cannot repeat what we're doing here. Because we won't -- the devastation to the business community will be so severe, if it's permanent. And so we have to redouble our efforts for statewide solution. It does give stability to the district to all the district in Portland, which they haven't had for a long time. I've been impressed the more I look and learn about efforts, especially to close the achievement gap, of schools that i'm more familiar with, Portland schools, just in the northeast that have made enormous stride and are closing the achievement gap, even before these funds come. A suggestion would be that we actually have a work session with the board, the new board, in september by which we can go over the priorities of the school district for 03-04, that we hear from them how they intend to use the funds to approve academic achievement, and then how that will work with the good accountability structure that the mayor is going to lead. But we can actually hear from the district what they intend to do and it would be a good link to the accountability structure that the mayor and diane linn will lead. So I would strongly recommend that we do that. Thank you very much for your efforts. Aye.

**Leonard:** Having come from the Oregon legislature where I spent nearly a decade, I became accustomed to the majority of those that served there saying they were for education, but consistently vote after vote their real feelings about education were belied by their votes. It has

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been as I said here before, a very refreshing experience for me to work with four other people who say they're for education and then take hard votes to prove they're for education. Aye.

**Saltzman:** I want to thank the body, this -- this was all done before we knew measure 26-48 was even going to be on the ballot, and let alone that it was going to pass very strongly. This was a courageous move to avert a disaster for Portland public schools, but also for the other schools within the city of Portland as well. And i'm not sure frankly having a daughter just finished seventh grade, and talking to her, I think there was some damage done already to the quality of those last 24 days in Portland public schools. They were not as significant had they -- had the teachers known they had a full year at the beginning of the year, I think the quality of the teaching in the last 24 days would have been more beneficial to the students. As a result, we know teachers, administrators were scrambling trying to wrap up a school year in mid-may, and only really at the last minute found out, ok, we have the full year, so I think it did interrupt learning unfortunately. But nevertheless, from my own personal perspective, you kept my daughter away from the t.v. for at least another few weeks and off the streets. So it was beneficial in that regard as well. And i'm sure there was some academic gain there hopefully somewhere too. So anyway, I want to thank this council and again the business community that is going to have to step up and really help to pay for this year. It was a good move by all. Aye.

**Sten:** It was a pleasure working with the council under the mayor's leadership and the county commission on this, and really the business community, to -- it was not unanimous, but there's a lot of leadership to step up and say let's do this. We mentioned just about everybody, but including the teachers and the school district, and the parents were very critical to this. Because there was a group of people who said, I would actually say that i'm quite used to being embarrassed by cartoonist, but this community is not, and I can stomach it, but I don't think the parents could. And I have a good you can do pretty well in a cartoon. And I think there's been a lot of talk about, it's a real hardship and it is, to ask people to do more, but I think there may be a better analogy out there, which is when things go wrong in life or in a business, you either walk away from what you're doing, declare bankruptcy, we know a few companies have done that, or you reinvest. You make less profits and reinvest and build for the future. If your house has a hole in the roof, you, let the rain come in and lose your house, or you can pay that extra money it's going to cost each month to finance a roof and save your house. And I think that's essentially what this community is doing. Nobody wanted it to be raining, nobody wanted the roof to spring a leak, but when it does, you don't want away, you suck it up and pay a little more and protect the investment you've made. And that's what the business community has done. Ultimately they're protecting their economic future as well. If we don't have good schools there's nobody buying anything. I think it was a very smart as well as a bold one on the business leaders who came forward, and it's a great pleasure to be up here and work with you on this aye.

**Katz:** I think I said everything that needed to be said, but I do want to thank you the council. We do have our moments of a little tense discussion, we -- you saw it today, but we work through it. And we work through this. And I want to thank all of the council members, especially commissioner Leonard, who spent some time at the negotiation table talking straight talk with his union sisters, and commissioner executive commissioner chief commissioner Linn at the county. I want to thank the parents as everybody thanked them, I also want to thank the teachers. We forgot that they did take a pay cut and provided us an additional 10 days. And i'm going to name the group that we worked with. It's the Portland business alliance. And I want to thank them, though they were -- they were pushed by all of us, but in the final end, they understood the important of that investment as well. So everybody, we will have three more solid years, and then hope that the legislature finally figures it out. Aye. [gavel pounded] all right. 599. Let's run through quickly.

**Item 599.**



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**Francesconi:** Just one thing I forgot and one brief thing and I ever then I won't say anymore. Commissioner Saltzman, every time I was on the last item, when I was thinking bridge, how do we get this bridge, how do we have a solid bridge, commissioner Saltzman is focus order extending the school year as part of that. So you deserve some special reck nicks given the item we just voted on. I just wanted to say for this one, it is good that we worked through the east Portland that all of east Portland children in school districts were treated equally and are part of our city. Aye.

**Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** I apologize, commissioner Saltzman, you were out in front early on, talking about that, so thank you. Aye. [gavel pounded] 600.

**Item 600.**

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] 601.

**Item 601.**

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] 602.

**Item 602.**

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] 603.

**Item 603.**

**Katz:** Does anybody want to saying anything? All right. Roll call.

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] 604.

**Item 604.**

**Saltzman:** This ordinance is bringing -- brought forward due to a mistake we discovered and we set the water rates ordinance that we adopted previously. The error listed was with the sylvan water district's rates and we're chaining that to the correct rate. But also in this amendment is due to the council's desire to maintain affordable water service for all customers, we will also increase the typical single family low-income monthly discount from 30% to 35% to keep up with cost of service increases as well. So that's what this amendment does.

**Katz:** Anybody want to testify? Roll call.

**Francesconi:** It's good you raised that. Aye.

**Leonard:** Aye. **Saltzman:** Aye.

**Sten:** I want to thank the water bureau and commissioner Saltzman. It's very hard because water and sewer rates are going up, at least in case people who truly cannot afford it will get more help. Aye.

**Katz:** Mayor votes aye. [gavel pounded] thank you, everybody. We're going to go through the northwest district plan and it may take a while, so please stick around this afternoon. We adjourn until 2:00 p.m. [gavel pounded]

At 12:18 p.m., Council recessed.

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**Katz:** Commissioner Saltzman will be about 15 minutes late.

**Sten:** Here.

**Katz:** Present. Let's read 605, 606, 607.

**Items 605, 606, 607.**

**Katz:** Ok. Let me tell you how the lay of the land is going to look like this afternoon. We are responding -- planning bureau is responding to all the amendments that were brought to the council the last time we talked. Is anybody here -- does anybody here have any other amendments, other than the ones that we talked about? Ok. The goal today -- and I don't know if we can get there -- but the goal today is to adopt the amendments and then move this to second. Now I think commissioner Francesconi has some concepts he wants to talk about. If the council is supportive of those concepts -- and we'll talk about them later on -- then transportation and planning would need to do additional work. And that push this back a lot longer. We'll see. We'll see where we are. So that's really the goal. If there are slight amendments to the amendments that you all propose to us, and if you really feel a strong urge to testify, we will give you kind of a minute, yes or no, just to get a sense of are we way off base, is this really something you don't -- you feel very strongly about. Otherwise, we will be discussing as a council the amendments we heard from you. Ok? Come on up, mr. Kelly. And we're honored to have ethan seltzer with us, chair of the planning commission. Ethan, if you can stay -- I know you're busy, but if you can stay as long as --

**Gil Kelley, Planning Director:** Gil kelley, planning director. Joe and debbie will come up in a moment. They've packaged your discussion essentially, or grouped it into 10 discussion items that they'd like to walk you through in a moment. The planning commission has been following your deliberations and I wanted to acknowledge ethan seltzer the chair of the commission who wants to make a few points that we addressed in part at least in our june 5 memo to you.

**Ethan Seltzer:** Thank you very much. Mayor, members of the council, my name is ethan seltzer. First I guess what I want to say is that this has been a very interesting process for us. We were quite interested in seeing the parties to this come to the table with a more holistic kind of package of things than we'd seen in the past. We held out for a solution to the parking question to the extent we could. We wanted to see something that in whatever way possible would put to bed a number of issues in northwest. I've got to say through the process we've been impressed by the willingness of the neighbors, business community, landowners to sit down and make that happen. There's two issues I want to comment on while you think about this. The first is -- and they're related. They're closely related. They really have to do with the c.n.f. Property, the vaughn corridor, the offshore properties and so forth. The first is that we on the planning commission were very concerned, quite interested in seeing the activity in the -- kind of activities in the c.n.f. Properties reestablished, something important to that area in the future, and that ought to be part of the plan standards that we included in the northwest district plan proposal that's before you. The notion was to get away from the master planning requirement, to be as clear as we could about what would be expected. But clearly the -- you know, one of the guiding principles in many ways is to establish activity, to make that the street grid can reconnect through that area, that the main street on 21st can grow as it needs to grow, that that whole set of functions can happen together. So I guess the first message I would leave you with is that in our work on this plan, we didn't spend a lot of time debating activity, because we saw it as a fundamental requirement, that it just had to happen. This was not something that got a lot of time in front of us. The second is the interaction really between the vaughn corridor properties, the c.n.f. Property, and what's emerged, outside our process of the upshur properties. The guiding concept that links those together is transportation capacity, and furthermore, not just transportation capacity with respect to the development that might occur on those sites, but

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transportation capacity as it relates especially to the industrial sanctuary to the north, an extremely important area for the city -- extremely important place for the region, simply because the functions that are in the industrial area are not found anywhere else in the region. And particularly as terminal one redevelops, as we begin to kind of looking at trying to make the boulevard more of a boulevard, less of a -- of a throughway, this has impacts on the industrial area, and over time our concern is how do we sustain the integrity of the industrial area, the industrial sanctuary and it's ability to serve the region, no small issue, particularly when we're debating throughout the metropolitan area where going to find industrial land in the future. The industrial land we today is the cheapest industrial land we'll ever have. It's a unique resource and the city is to be congratulated for identifying the industrial sanctuary in the first place. So our concern with the zoning of the properties on vaughn street, first of all was, that whatever happened there was related to the functioning of the industrial sanctuary, that this could not be severed from the industrial sanctuary in anyway, that it had to be considered in terms of its impact on the industrial sanctuary, and furthermore that in light of the c.n.f. property and it's likely development, that in that transportation capacity in that area is limited, and can only be expanded with major capital investment beyond what I think anybody would expect to come from a single project, therefore I think implicating the city at least in terms of whatever happens to transportation capacity in that area, that, you know, we begin to kind of understand how these things work together. The upshur properties, I think, begin to throw another variable into that sequence. You know, it's like there's only finite capacity in that corridor. How are we going to make these properties work? And it's not, I think, a question so much of -- of zoning at this point, because I think there's a lot of opportunities to do things within the existing zoning, as much as it is a question of how are we going to manage the transportation capacity. I think you can think of it as a least cost kind of problem. You know, how do we take advantage of the resource that we have with incurring the least amount of new cost through the kinds of things that we allow through changes in zoning or underlying regulation in that area. So I guess I just wanted to bring those two issues today, that we see con activity on the c.n.f. Properties as an absolute, you know, kind of straightforward idea that ought to be in the -- in the northwest district plan guidelines and that it's part of what makes it possible to not have a master planning property on those -- requirement on those properties. And that second the zoning that goes along -- or not the zoning, but the transportation capacity in the vaughn corridor is something that's intimately related to both the properties north of vaughn, c.n.f., and upshur and you can't peel them apart and deal with them separately. Thank you.

**Katz:** I have a question of you, ethan. In light of all the work we did last night on regional economic development, and the work that commissioner Saltzman and I are working on industrial lands, and I think I can fairly say that the entire council is interested in preserving industrial lands and industrial sanctuary and people are talking about adding thousands of acres, how do you justify to yourself making that zone change, the planning bureau is recommending, and you recommending as well on vaughn, with the esco property?

**Seltzer:** Two things. One is that in conjunction with industrial use there will be some uses that we currently don't think of as industrial. Office, for example, has some things which in fact are part of what are happening in industrial zones today.

**Katz:** Right.

**Seltzer:** So in a limited way, in a limited way, acknowledging that and creating a place for that in the most kind of benign location in a lot of ways. I think made that made sense to us. It's an area in transition. The structure of the companies themselves is changing. It's no longer the case that they're necessarily going to be vertically integrated, but they're going to be drawing on units, some of which may be owned by the company, some of which may not. And that it was worth trying to accommodate that to some degree, but not to the extent that it would, again, dramatically affect the transportation system for the --

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**Katz:** That's the 1.1 versus 1.85.

**Seltzer:** That's right. And 1.1 we felt comfortable with.

**Katz:** All right. All right, i'll buy that.

**Seltzer:** Ok.

**Katz:** Any other questions? Gail, did you want to say anything or not?

**Francesconi:** If I could make a comment. Your comments about vaughn street were the -- what transportation and I are concerned about. So these concepts i'm going to talk about later on when we go through the amendments, are precisely because of how well you articulated the problem.

**Katz:** Did you want to add anything?

**Kelley:** No. I'll be here to answer any questions that come up or assist you in anyway. It would be best for joe and debbie to come forward.

**Katz:** Ethan, I know your time is precious. Go if you need to go, but we may call on you, though I think you did very comprehensively cover the issues with regard to the land use and transportation connections. Ok?

**Seltzer:** Ok.

**Katz:** Ok, you two. We're working with this document, correct? We're working with an agenda, correct?

**\*\*\*\*\*:** Correct.

**Katz:** And this document, correct? So everybody, the june 5 document. All right. That's your working papers for now. We'll go -- let's do this. We'll go through their agenda items. Then I will circle back and take them one at a time to see if anybody in the council wants to present something or if there are any other amendments that the two of you know, or technical amendments, and we'll try to make some decisions. Again, as I said this morning, I don't guarantee we'll get through it all today. We may have to delay some of it depending on where the council is on some of these amendments. Ok.

**Debbie Bischoff, Bureau of Planning:** Good afternoon, debbie bischoff, bureau of planning. There is an amendment to ordinance 605, adopting the northwest district plan with the addition of exhibit c, the legislative findings. I just wanted to start off by saying that.

**Katz:** All right. Can we just adopt -- all right. We'll have to adopt that with the package.

**\*\*\*\*\*:** Correct.

**Katz:** Ok.

**Bischoff:** The first item for review today is cz-1, which relates to a request made by the northwest neighborhood cultural center. They're located at 1819 northwest everett. They requested a rezoning from high density residential rh zone to central employment ex zone. Staff partially supports this proposal and recommends the rezoning of the building itself. There's two separate lots involved here. The lot where the building is located and a parking lot is a separate site to the north of it. And we would recommend rezoning the site with the building on it to e.x. but retaining the r.h. zoning for the parking lot site. We would just say that we recognize that this historic land park building probably won't be housing. We want to be careful to retain that building, but we are concerned about the potential uses that e.x. brings in a predominantly residentially-zoned immediate area. So we see the parking lot as an opportunity site for future residential development. So that is our recommendation on that number.

**Katz:** Ok. Let me just notice, is there a unanimous support on this one? Then we can --

**Saltzman:** Does e.x. also allow residential development?

**Bischoff:** It does.

**Saltzman:** But you're concerned it might allow something less compatible, something else that would be rather than residential?

**Bischoff:** That's correct. It's a very broad zone that allows a variety of uses.

**Katz:** As opposed to r.h.

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**Bischoff:** Right.

**Katz:** Ok. Then we'll check this off as adopted. I'm going to bang the gavel and that means that the amendment has been adopted. [gavel pounding] ok. Next one.

**Bischoff:** The next one you'll find on page three of your table, and it's r-1. This is a request from the pearl district neighborhood to delete some language change affecting parking along the streetcar line. They would like the language to just be as is in the current zoning code and we support that and -- and will recommend -- we recommend deletion of that language.

**Katz:** Ok. Any objections to that? Then i'm going to bang the gavel and assume that's adopted. [gavel pounding] all right, next one.

**Bischoff:** The next one is p-1, which is additional design language, found on page 12 of your table. The northwest district neighborhood association specifically john bradley, the planning committee chair, had desired some overall design language to be added to our desired characteristics and traditions chapter that better informs design applications on desired qualities, architectural qualities. He wanted to see some overall language that could sort of -- that states what's most important to the neighborhood, the most important elements. He submitted a couple statements and staff turned those statements into a longer statement that would be a -- I guess an introduction called district-wide considerations that would precede the specific special district discussions in the desired characteristics and traditions chapter. And it's my understanding that the northwest district association planning committee supports this amendment as it's written.

**Katz:** All right. Let me ask the question -- since it addresses buildings taller than two to four-story buildings and we have an issue at the uptown shopping center, how binding is this?

**Bischoff:** Right. This doesn't apply to the uptown shopping center, because it's part of the central city plan. This would apply to the portion of the northwest plan district that is outside of the central city plan.

**John Bradley:** Uptown will be in the central city plan. This applies to northwest.

**Katz:** And john's ok on that? They changed your wording?

**Bradley:** Yes.

**Katz:** Ok. Any objections? Then we will adopt the amendment. [gavel pounding] all right. Let's go to page 13.

**Bischoff:** Great. This next set of minor amendments was actually presented by yours truly, the bureau of planning at the hearing on may 21, and we would recommend that you take action on these minor amendments, but I would like to note that the second bullet and the last bullet relate to parking, and we would recommend referring those two bullets to our june 19 discussion on parking.

**Saltzman:** This is page 13?

**Bischoff:** Yeah.

**Saltzman:** Underground parking and affordable housing bonuses? Oh, i'm sorry, wrong page.

**Katz:** Ok. So what do you want to do? You want to move this for discussion when we deal with the parking?

**Bischoff:** Just the two parking items, but the rest of it go ahead.

**Katz:** Any objections? Hearing none, then it will be adopted. [gavel pounding] I think we took care of the easy ones. [laughter] that was the whole idea. All right. Now we get to some where we'll have some conversation. Let's drop back to pages three and four. All right.

**Francesconi:** Debbie, can I have another copy of your june 5 memo?

**Katz:** Let's do the uptown shopping center bonuses. Ok? It's page three.

**Saltzman:** What about on page two, the --

**Katz:** She wants to take it in the order. We're going to cover it. It's in a different order. It's up here.

**Saltzman:** Oh, ok.

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**Katz:** There's a reason for all of this.

**Saltzman:** Ok, there is?

**Katz:** Yeah.

**Saltzman:** It will become clear to me?

**Katz:** It will become clear. Ok, commissioner Saltzman has the agenda.

**\*\*\*\*\*:** He does?

**Katz:** Yeah, he's got it. Let's talk about the uptown shopping center bonuses.

**Bischoff:** At the may 21 hearing, you had testimony both --

**Katz:** We're on page three.

**Bischoff:** Page three, item b-1 and 2. At the hearing you had testimony both in support and in opposition to a residential bonus target area application to the north side of the uptown shopping center on burnside. The recommendation for the plan is to rezone the property from general commercial to central commercial, which allows 75 feet of development. And the planning commission recommending this bonus of up to additional 75 feet for a residential development, and we received testimony again, both in support and in opposition, of this bonus height. Staff is supporting the plan recommendation. Central city policy talks about a thousand new residential units along burnside, and this is a very good infill site along burnside for housing. Also this project would have to go through design review. Design review has specific criteria that deals with established view corridors, protecting established view corridors, also shadow-casting is seriously looked at during design review. So our impacts to surrounding -- existing residentially-zoned properties. This is definitely a policy decision for you to make on whether you think this is a good site for a bonus area or not, and as you may know there may be testimony both in support or opposition of this.

**Katz:** All right. Let me go through some additional questions. We've added some bonuses on that.

The issue really is the height and how it fits into the character of that particular area. I also have here in front of me, title 33, central city plan district. You don't have this, but i'll read it to you. This comes from barney and worth. This is the language in chapter 33.510, which talks about approval of height increase based on this subsection in no way limits the ability of the review body, and that's, I think, the design review body, conducting design review to require reconfiguration of the building's design, including lowering the height of the building or reducing the amount of the increase. The review body will base its review on application of both the general design guidelines applicable to the area and the subdistrict guidelines applicable to the adjacent historic district. It seems to me -- i'll give it to you.

**\*\*\*\*\*:** I have a copy.

**Katz:** It seems to me that that may answer a lot of the questions. Does that put teeth in the design review's ability to deal with height? That's the issue that I want to get to. This says "including lowering the height of the building."

**Joe Zehnder:** I believe that we -- we believe that design commission already has that ability under the language that doesn't apply here. This language was applied in this situation for a different purpose. Having it sort of reiterating the design commission's ability to address the issue of height and the form of the building would do no damage. We don't necessarily believe it's required. Practically, often the design commission feels hard put to do that, but this would --

**Katz:** Ok. I'm going to try to lay out the alternatives here. One is to put some additional teeth to make sure that the design review has the ability to not only deal with the shadows, which are -- it says here applicable adjacent to historic district, and also to deal with the height and the configuration of the building. The other option is -- is to actually set the height without only bonuses. And it would be, what, at 130 feet?

**Zehnder:** The current building is proposed is 130.

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**Katz:** At 130. And eliminate the bonuses for additional height. The third and final option is not allow the zone change at all. So those are the options.

**Bischoff:** Not allow? You may want to clarify, not allow the bonus.

**Katz:** I'm sorry. The bonus at all.

**Bischoff:** Right.

**Katz:** So I state that. And let's come back to this. I just wanted to lay out all of the options. Then we'll come back and talk about it a little bit more. This will come time to think about them, because we're probably going to hear some testimony on it. All right, keep going.

**Zehnder:** The next item is page five and eight. This deals with the north of vaughn corridor. And the request for the introduction of office use into the giles lake industrial sanctuary. This is the issue that planning chair seltzer talked about at length. The request -- or the proposal in the plan is for an area in the giles lake industrial sanctuary north of vaughn to allow 1.1 -- 1 to 1 f.a.r. For office, 2-1 f.a.r. For office, but on historic properties, to allow office space within that designated district to be transferred, but allow it to be transferred from one site to one other sight, but you can transfer. And then to reduce the amount of structured parking that counts against your f.a.r.. So practically there by increasing the amount of f.a.r. that's possible to be attained on any given site. The esco corporation is -- has requested an amendment to increase the base f.a.r., amount of office that can be built from 1 to 1 to 1.5-1, and to allow the transfer from more than one site to eliminate that restriction. Staff's recommendation is to stay with the 1 to 1 f.a.r., and i'd like to explain this in terms of a little bit of broader context. The issue for us, in addition to the policy around preserving an industrial sanctuary, to do as -- to do a modest increase in office to reflect the changing nature of the businesses there, and to do a modest increase in office in a way that works as a buffer to the proposed e.x. Zoning to the south, the major limiting factor is the amount of demand that office development places on a very constrained transportation system. When we looked at the areas for proposed major new development in northwest, they include -- yeah -- they include this north of vaughn industrial area. They include the area south of thurman that we're calling the transition zone, so on the map that debbie's point to it's the area in the dark purple. That includes the current c.n.f. campus that goes to e.x. North of that is the upshur office complex area, but the idea there is a phased change to future development. Coming up with these recommendations was an attempt to balance where we think growth should go as a first priority in northwest against the limited capacity of the transportation system. We wanted to assign what growth that we want to encourage there to have first shot at eating up that limited capacity. After that capacity is consumed, then we need to be making a round of capital improvements to improve transportation capacity, not just to northwest, but also to giles lake. The 1 to 1 f.a.r. north of vaughn was the amount we arrived at to strike that balance, to promote development in the transition zone to make some accommodation for development north of vaughn, but to do that in a way that strikes balance with transportation. Going to 1.85 will cause significant -- potentially, if all of that was built out -- would cause an already constrained transportation system and one that even under our proposal has some intersections that fail. It would push it over the edge to a much more greater degree of failure throughout the system. On the specifics of the esco corporation's desire to increase the amount of f.a.r. they're capable of reaching on their current sites, I just wanted to point out to the council that because of that f.a.r. transfer, it's possible on the current esco properties, within the zone we're going to allow office to be developed, to reach an f.a.r. of 3 to 1. They'd have to purchase that f.a.r. from another site, transfer it to the site that's under development. There's no guarantee that could happen, but the possibility for that to happen is built into the plan. So there is some flexibility, although the base amount of f.a.r. is only 1 to 1. On that basis, staff is recommending that we -- we stick with the 1 to 1 f.a.r. in the -- in the north of vaughn industrial area.

**Katz:** Repeat that again. There's additional property, additional --

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**Zehnder:** We have provisions in there that you can transfer f.a.r. from any other site to any other site.

**Katz:** Right.

**Zehnder:** You can then increase the amount that you can build on the receiver site up to the amount that you can purchase.

**Katz:** Right.

**Zehnder:** The scenario where i'm suggesting you could get up to 3 to 1 is a scenario where for, for instance, since the historic property in north of vaughn, we're giving a 2 to 1 f.a.r. as part of an incentive for preservation of an historic property. Actually, if office f.a.r. is valuable, then there's some asset that that property has to transfer to -- that could help encourage the preservation of that property, but you could buy that 2 to 1 f.a.r., transfer it to your site, and then add it to your base f.a.r., and get up to, for instance, potentially 3 to 1 f.a.r.

**Katz:** Ok. Did you hit all of the items from page five to eight?

**Zehnder:** Yes.

**Katz:** Five to eight?

**Zehnder:** That's five. On page six are the recommendations for -- sorry. Question?

**Francesconi:** It's up to you mayor.

**Katz:** He's not finished with vaughn yet.

**Zehnder:** I'll wrap up the other testimonies. The northwest industrial -- the nine industrial association recommending a number of amendments to limit the office -- supported the 1 to 1 f.a.r. change, but recommending a number of amendments to limit how office would be utilized within that district, requiring offices to be strictly related to an industrial use, requiring retail limitations, requiring pro big of residential units, and requiring design review. On the office -- office and retail limitations, we believe that -- well, on the office limitation, we do not have a practical way to determine whether an office is industrial related or just an office. And so staff is recommending that -- against that particular amendment due to its -- will not be effective, we don't have a way to make it effective. The retail limitation already exists within the proposed amendment to 10,000 square feet per site, and we think that's sort of an accessory level of retail. Residential units are already prohibited in the proposed zone, so that's not an issue here. The final recommendation from nina is to make design review apply to these properties, and that would be a major change in policy, to start applying design review to employment lands and one that we don't think really would accomplish the desire of the amendment, which is to create a buffer. We think that the land use is what creates the buffer in this particular case, and --

**Katz:** I'm sorry. It was a nina recommendation?

**Zehnder:** Yes.

**Katz:** Interesting.

**Zehnder:** The second of the major nina recommendations is that the city should pursue traffic improvements recommending and the d.k.s. Associate traffic study prepared by the applicant, the escos, and staff's position on this is that indeed a whole program of capital improvements are necessary to serve north of vaughn, giles lake, and this sort of northwest, and the city should pursue the analysis necessary to prepare that list of projects and start to get them into our capital programming and planning in the future. It's not necessarily that list that was proposed in the memo. Secondly, the approach that we're taking being the north of vaughn zoning is to do a comp plan change and then a rezoning by each individual property. With the rezoning, we have the opportunity to look at transportation facility's adequacy, so we believe that especially if we're empowered by a pdot capital program, a list of projects that would make a difference, we could use that as a basis to get some of the mitigations of the traffic impacts through that process.

**Katz:** So you basically tie the size of the change?



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**Zehnder:** Each property's is going to have to be individually rezoned. Each of those decisions will be a chance to look at transportation adequacy.

**Katz:** But all of those tie to the transportation capacity?

**Zehnder:** They could be tied to the --

**Katz:** I'm saying in general, this issue. The use of the vaughn --

**Zehnder:** Oh, yes, absolutely. Yes. Sorry, mayor. Yes, that's the crux.

**Katz:** Clarifications first. Go ahead, one second.

**Saltzman:** Starting with that last issue, if we had the improvements to I five and vaughn and 23rd in a sooner period than six to 20 years, or if we at least moved that up from a planning perspective, is that a deal with the issues of the f.a.r. going from 1.85 to -- does that make that more likely to not cause the traffic failures?

**Zehnder:** Commissioner, if there was a way to solve the transportation problem then the issue would be strictly on the industrial sanctuary policy. The 1 to 1 we're proposing we believe answers that question.

**Katz:** Let jim raise the issues.

**Francesconi:** We haven't had a chance to talk, commissioner Saltzman, and so there's another way to -- that I think, and pdot thinks we should try to approach this, but before I do that, first is the problems -- we've all identified the right problem. Vaughn street and not only its effect on the industrial sanctuary and transportation of freight, but then also the spillover into the neighborhoods. So that's the problem. Now the -- there's three interrelated parts. One is the upshur property. The other is the c.n.f. property, and then we have the esco property north of vaughn. They all contribute to over capacity here. The other thing we're trying to do is figure out how to actually pay for the \$8 million of improvements that it would take to help the neighborhoods and help vaughn street. So we've -- i've run by some concepts. We've run by some concepts by katherine beaumont, and we've talked to planning about them, so I hope this isn't a total surprise. Pdot supports this. And but you have to look at all three properties. Now on upshur, it's my understanding -- you may not want to answer this, but staff didn't actually even recommend zoning it at all, and it was the planning commission that upzoned it. Is that what happened?

**Bischoff:** That's not correct. We did recommend the comprehensive plan designation of central employment for the upshur --

**Francesconi:** These numbers may not be precise, but it turns out that decision has even more of an impact on vaughn street than going from 1.1 to 1.85. And so one approach would be to -- on the upshur property, is to have zone changes where it brings the nonconforming use property into compliance with the zoning code, but also then a concept that runs through each of these is have a transportation review requirements, which is a version of a master plan, but it's nor narrow. Whether you can apply that to upshur, i'm not 100% sure, to be honest, but the principle of not zoning all of upshur because of the transportation capacity is a curve to tad, sitting here, is a curb to everybody, but something we have to consider in terms of the capacity on vaughn. So that's number one. Number two -- let me list them all, because I don't have formal amendments on this. I just want to give people notice. The second is the c.n.f. property. Now I was originally suggesting -- in fact, I suggested at the last hearing that it should be master planned. Maybe, if we don't go to the full master plan, there at least has to be a transportation review required that would address traffic impacts and connectivity. When we did that, we didn't consider the effect on vaughn street. So the whole principle here is trying to get everybody to contribute to paying some of that \$8 million, including pdot. That would be the second amendment on c.n.f. The third is on the north of vaughn area. There's two ways to go here, but here's the point I didn't understand before. I think we all want to keep esco as a corporate headquarters in our community. They have a right under corporate zoning to build the corporate headquarters and we don't get anything back to improve vaughn. I mean, they can actually do that. And if they do, they can put more capacity on vaughn. And we

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don't have any strings on them. So the two ways to approach this is to go from one -- 1 to 1.85 on the condition that they're willing to contribute in a meaningful way to the infrastructure demands. So you make a condition. Or you do this transportation review idea, where you give them the 1.85, but then you require the transportation review to get them to contribute. Now i've actually had some conversations with esco to see if they'd be willing to contribute real money to make this thing happen. I'm confident the answer's yes. I've not had those conversations with c.n.f. And others, because i'm trying to figure out how we improve traffic capacity on vaughn, for not only the industrial sanctuary, but for the neighborhoods. So that's the alternative approach. Frankly, i'm going to recommend it.

**Katz:** All right, let's hold up right now. Does anybody else have any other issues with regard to esco? Did you want to comment on that? Did you want to say anything? You want to comment?

**Saltzman:** Not with regard to esco. I guess, you know, I need to see what commissioner Francesconi has in mind, but it's hard for me to follow all of it, but I do want to raise the prospect of moving the 405/vaughn improvements up from six to 20 years to whatever the sooner category is.

**Bischoff:** Next five years.

**Saltzman:** Next five years, yeah.

**Francesconi:** Move them up in what?

**Saltzman:** In the document here, pretty much be done -- right now they're in the column that says in the six to 20 years, move them up to a column in the next five years. I mean, it may be somewhat aspirational, I understand funding dilemmas, but given the importance of this intersection, both to the integrity of northwest Portland as a place to live and place to work, it seems like it merits a higher priority.

**Francesconi:** But who pays that?

**Katz:** Just a-minute. We'll get to that.

**Francesconi:** The city?

**Katz:** We'll get to that.

**Francesconi:** Oh, i'm sorry.

**Katz:** He's raising the issue about moving it faster. And let's have planning comment on the -- on the concept, that commissioner Francesconi just drew out.

**Zehnder:** Well, one of the key elements i'd want to evaluate to test that concept was whether we would be able to come up with enough money through this mechanism to really make a dent in the kind of projects that have to be put on -- to improve the situation. In that \$8 million worth of projects, are there discrete projects that --

**Katz:** There are really two issues. The one issue is the zoning issue. The other issue is the transportation costs issue, and that then relates to that conversation that just occurred, if we are going to move it up or if we are going to commit over a period of time, where does that fit on the transportation funding plan that we adopted a couple of months ago I think in terms of priority. I just want to make sure that everybody, then, understands, either -- I can't remember if it was actually in the transportation planning document or this is on top of that, and then where is it -- we'll hear from you in a minute, all right?

**Saltzman:** What does the \$8 million refer to? Is that a pdot commitment?

**Zehnder:** No. It's an estimate of the amount of projects out there.

**Francesconi:** There is no \$8 million in any pdot budget in the next few years, period.

**Saltzman:** What does that refer to?

**Francesconi:** The cost to improve this. The idea is to get the private folks who will benefit from this is contribute to this.

**Katz:** Contribute the whole amount?

**Francesconi:** As much as possible.

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**Katz:** That's the issue for me. I want to make sure that we adopted a plan. If it's out of compliance with the plan, we just recently adopted on transportation projects, then we need to come back to that plan. And I don't know the answer to that question. So that's one. The other is whether it's a good idea or not, correct? All right.

**Francesconi:** Right.

**\*\*\*\*\*:** Right.

**Katz:** All right. Transportation, do you want to come in for a second and talk about -- I assume you agree on the capacity with planning, or do you feel even stronger, or you're --

**Jeanne Harrison, Office of Transportation, Planning:** Jean harrison, office of transportation, transportation planning. Where do you want me to begin? When we did our analysis of the transportation capacity for the proposal, it included the planning commission proposal that you have before you. We did not look at adding additional f.a.r. Along north of vaughn. What we've been saying all along is that there is limited capacity in the area, primarily because of the ramps and the i-405 bridge, all of that, specifically at vaughn and 23rd is sort of the key problem. We've said all along this is about tradeoffs. Planning bureau, you need to decide on a land use basis. Where do you want growth to happen? Where are the most important parts of this area, because you can't give maximum growth to all parts of it and have the system work. We had originally recommending that the upshur warehouse area seemed the least likely to redevelop in the near future because of its location. It had the poorest transit service. We felt if any areas could be deferred that would be the area because of the constraints of the infrastructure. The analysis that was done by traffic consultants for esco and other property owners north of vaughn did look at the 1.85 to 1 scenario, however it did not include in the transition upzoning and the upshur warehouse area. We've never had a complete analysis that's looked at putting everything in the pot that everyone wants and seeing what would work and how much would it cost. The \$8 million to \$9 million we're talking about, about \$8.9 million on my recent calculations, is based on numbers that came out of the traffic study from the consultants that esco hired. Those improvements, some of which violate current city policy, may not all be feasible or the right solutions over time, but it's kind of a ballpark figure to give you an idea of the magnitude of the improvements --

**Katz:** That's only for the esco, isn't for everything?

**Harrison:** It looked primarily at esco, but also looked at improving circulation for c.n.f., because c.n.f., that large area contributes heavily to the future congestion at 23rd and vaughn. So it did look at ways to alleviate some of that problem as well.

**Katz:** Yes.

**Harrison:** There may be other transportation improvements that would be better or different, but we don't know until we've got additional analysis. That's why it's important that property owners have to do that analysis as they come in the door, and that's originally why we supported having the master plan on c.n.f., is because it gave us an opportunity to look at what are the impacts of development as it occurs, and to get at least some level of mitigation, perhaps not as much as the system needed as a whole. So that's -- that was our thinking. In answer to your question about the transportation system plan and are any of these projects in the transportation system plan, the answer is no, because we did not anticipate any of this level of rezoning being done. So looking at the existing zoning, we did not feel that there were additional transportation improvements that needed to be made.

**Katz:** Got you. Ok. Go ahead.

**Saltzman:** Does that consider looking at the option of a local improvement district being formed?

**Harrison:** That's always a possible if property owners want to approach the office of transportation and say that we want to improve our -- the area and here's the of improvements we want, and we're willing to tax ourselves. Usually a local improvement district is very limited in the kinds of improvements you get, such as frontage improvements along property. In the case of the streetcar,

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we used a local improvement district to fund part of the streetcar, but it's usually fairly limited. The mix of projects we're looking at potentially here are frontage improvements, new signals, additional -- actually big right-of-way to add lanes, lengthening freeway ramps, adding local street connectivity by building new street connections, so it's a big mix of projects, impacting not just c.n.f. And north of vaughn, but affect many property owners throughout the area, some of which may not be happy with giving up additional land for right-of-way capacity improvements. But it is always an option.

**Saltzman:** Yeah. I guess i'm struggling with some of this chicken and egg dilemma. I mean it seems like we have major property owners, some of them being major employers, are saying that these are certain things we'd like to see in our land use policies to, you know, further our growth, and they're -- at least in conversations i've had, there's a willingness to form an l.i.d. to pay for those improvements. But if we adopt a plan that doesn't provide -- again, i'm not sure what commissioner Francesconi is proposing, but if we don't provide them some of the things they're looking for, then maybe they'll lose an interest in l.i.d. option to transportation improvements, and maybe lose interest in Portland as a place to be in the future.

**Francesconi:** Commissioner, first of all, it could be part of it, but it's not going to be enough to solve this problem. We have to -- and we need more of a hook with the transportation review when we're negotiating with the property owners.

**Katz:** Let me ask a question with regard to the 1-1.85. If we had all the transportation dollars, if that wasn't -- if that was the issue, would you recommend 1.85?

**Zehnder:** The 1 to 1 was the number that we thought was the most likely --

**Katz:** Because?

**Zehnder:** Supportive of being in the industrial sanctuary.

**Katz:** So the issue there is what kind of --

**Zehnder:** It's the total amount of office that's in, and the chance you run of changing significantly the entire nature of the area versus what we're trying to do, which is for major -- for certain industries to provide the flexibility to have an office-related type use be part of their business plan, part of how they do business in the future and transitioning into a new way of doing business. And since, especially with the transfer within the district, we think that we provided enough of that flexibility, we would not really expect that whole district to go office. We wanted to provide the flexibility, though, too the major businesses in there that had that as part of their business plan to accomplish that.

**Katz:** Ok.

**Francesconi:** The problem with that is 1 to 1 isn't going to work. It's just not economical to do it, number one. Number two is, it doesn't give us any hook to make sure they pay for some of the transportation infrastructure. Number three, you recommended upzoning property that puts more traffic on vaughn than the 1 to 1. That's the problem.

**Zehnder:** The two are distinct in terms of the upshur warehouse district we're recommending a comp plan change. The thinking there was -- and it was at the encouragement of the community and others working with us on this plan to envision the future for that part of northwest and sort of to help set the direction that we'd like to see it go, and that's the e.x. sort of mixed-use downtown neighborhood type direction. One that accommodates the character and the uses it has there now, but provides for a transition. And the mechanism we chose of just doing the comp plan requires a facilities adequacy judgment to be made for each of the rezonings. Now arguably that may not be strong enough, commissioner, and I think that's the point you're making, is we need a stronger hook than we've got on the table, but we did recommend that change and diet in a way that has a hook, we thought, for transportation improvements. I think part of what's emerged here too is that the overall transportation package is of a significant level, big enough, that maybe the hook that we're proposing is inadequate, but we did propose a change with a hook.

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**Katz:** Yeah. And I think it's important to make sure that the land use issues lead first in terms of what is it that you want the place to look like, and then figure out what is it that you need in terms of the capacity for transportation. So I think that was the answer to that question. All right. So you heard really the issues. I don't think -- did we ignore any issues with regard to the vaughn?

**Zehnder:** I just want to mention, there's nwda-recommending amendment. We've responded to the substance of what the amendment's about. This is on page seven.

**Katz:** They don't want --

**Zehnder:** They would want -- eg-1, and they would -- with sort of development standards that are less than being considered, and a height limit. What we've -- we're recommending against this, in part because we believe that the 65-foot height limit that we're proposing with this is necessary to meet the f.a.r. That the businesses are -- that the applicants are after. And that they also -- nwda is also requesting that we don't allow transfer. I think i've already explained why we've chosen to allow the transfer, to allow additional flexibility within the north of vaughn district. The last, v-4 is a recommendation not to allow any office until there's a transportation improvements, and I think transit improvements, staff does not support this amendment and it's in the same spirit of the discussion we've had, which is we think that a certain amount of this is within the capacity of the existing system and it's the full intent to develop a program to increase transit use and transportation capacity, but not link it to that rezoning.

**Katz:** So the council will have to further discussion, as we come back on the f.a.r. issue, and how you want to tie it with transportation capacity and funding. Ok, move on, page two.

**Zehnder:** Page two, this is the -- the recommending changes for what we're referring to as the upshur warehouse district. It's an area that we've recommending to be -- I have a comp plan change to e.x., but retain its industrial zoning. The testimony requests an amendment that would, with the plan, amend the whole area to eg-1 rather than its current industrial zoning. Would increase the building heights from 45 to 65 feet, to increase f.a.r. From -- to 4 to 1, to use a type two review for landscape and building coverage adjustments and to allow a maximum of 20% residential uses per parcel. As we interpret the intent of this bundle of amendments, one is to address some issues with nonconforming -- or perceived nonconforming uses, where the amount of retail space associated with an industrial user may exceed what's allowed under the current i.g. Zoning. That's a relatively minor fix that we think that this sort of blanket change to e.g. Is overkill to try to accommodate. The eg-1 zoning allows office, it has all the problems that we just got done discussing in terms of allowing a significant level of -- greater level of development than is currently in the upshur warehouse district and a level that's beyond the transportation capacity, so we think the immediate rezoning is not supportable on that basis alone. And the -- the height -- proposed height change, the height limit is set because of the overall urban design concept and transition we're trying to accomplish in northwest, stepping down from the neighborhood, up towards the interstate, and then over towards the pearl, but the lower height also was to keep this area north of thurman in more of its current use and current sort of form of lower rise, mixed-of use, partially industrial building. So we think that the 45 is more compatible with that vision of the urban form for the area, as well as uses.

**Katz:** Ok. Go ahead.

**Saltzman:** Say it again why you don't accept the zoning recommendation?

**Zehnder:** The zoning recommendation now would basically do exactly -- would allow significant additional development, not tied to transportation improvements in part, and would allow types of development that we think are really inappropriate for that district, such as drive-thrus and residential uses. So we don't think at the end of the day it's the appropriate zoning for the district and we don't think that it should be rezoned without some linkage to transportation adequacy. And so stepping up to rezone it right now would sever that linkage.

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**Saltzman:** Didn't we have testimony, there are already residential uses in some of these buildings?

**Bischoff:** There may be some nonconforming uses. What our proposal would allow in our recommendation is, again, a comp plan of e.x. As an individual property owner rezones to e.x., it becomes part of the northwest plan district, and within that northwest district plan, for example, we have a provision that limits housing to 20% of the building area, but it still allows a little bit of limited housing to happen. We also have retail restrictions of 20,000 square feet in that area. There's design review, which is really important, because that area has a lot of character. The eg-1 you wouldn't have design review. So we feel that our current proposal with the comp plan designation and the plan district regulations that would go into effect upon rezoning are the best way to get at the future of that area.

**Katz:** E.x. is a better zone.

**Bischoff:** We believe it is.

**Saltzman:** We're proposing to change the comp plan to e.x. for these properties?

**Bischoff:** That is correct. Correct.

**Katz:** All right. Further discussion on the upshur?

**Francesconi:** Yeah. Because I can take care of one of these.

**Katz:** Go ahead.

**Francesconi:** Is there a way you can -- is there a way that you can only upzone the nonconforming uses as opposed to the whole area? I guess that's my question.

**Zehnder:** The -- that kind of sort of surgical rezoning --

**Katz:** We call it spot zoning. You're very kind.

**Zehnder:** It's problematic for us from a policy point of view. We would really have to make a distinction of how one property is different from another so that this one, we can justify rezoning, while we're ignoring its neighbor. We would have to go in and see if there could be a case made to justify that kind of more fine-grained approach to do the rezoning.

**Francesconi:** I don't know that there's support on the council, but i'm going to push for it. So I don't support the amendment that was proposed, because that would kill vaughn street, folks.

**Katz:** The amendment? Which amendment?

**Francesconi:** The one we're talking about on page two from my perspective. But I think would be better would be -- and I want to see now, just shorten the time here --

**Katz:** Well, we'll --

**Francesconi:** -- if there's any support for asking planning to go in to see if there's a more limited area to -- to change the zoning as opposed to changing the whole zoning. Because that will take even more traffic off of vaughn street, which is what i'm concerned about. That's my request.

**Katz:** Did do you want to respond to ha?

**Bischoff:** One more concern we have is that uses come and go. Today to say a use is nonconforming and is a reason to upzone that use could change and become -- you know, become conforming. Also the ig-1 zone allows a lot of diverse uses that people might not think are allowed. So the actual issue of nonconformity in that district may be a lot less than what people might think.

**Leonard:** Is the intent of what you're trying to get is to reduce the amount of traffic into the upshur district so you can decrease the --

**Francesconi:** If people -- if people -- if they come up with money, real money.

Ray: Right.

**Katz:** Ok. Let's move on. We'll come back. We've got -- we've got three of them we'll need to come back. I'm going to get a sense from the council whether they're interested in exploring new concepts at this point. And then we'll move -- we'll close down, then, for today if there's nobody that wants to testify. All right. Items -- page nine and 10.

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**Zehnder:** Ok, nine and 10. These amendments have to do with the c.n.f. property and the transition zone. It's the large white area surrounded by the purple we're proposing for e.x. zoning. It's currently zoned e.x. But, has a provision that requires a district master plan for development of the property. The applicants, or the representatives of c.n.f. Have requested that the proposal in the plan to to require street connectivity, the introduction of new vehicular streets and/or ped/bike connections on specific locations in the plan be eliminated and replaced with the northwest district master plan provisions that are currently in the code. On the map that we have here, we're showing highlighted in green where the location of those streets are. The purpose of that -- and the place in the plan where those street connections are called for is in the city's street plan, the officially adopted street plan managed by pdot. Those designations within the street plan are advisory to the city engineer. So when a parcel would be developed that would be affected by the proposed street would come forward for development, the city engineer would be in the position to work with the applicant, work with the developer, to see how that connection could be provided. The current -- the zoning master plan requires a -- is intended for a similar type of purpose, that when the site would be developed, a plan would be presented, and through the review of that plan, through the bureau of development services, we would once again sort of advocate for connectivity. We think the more direct and clear and effective way to get the connectivity that is so important here is to require it through the street plan, not through the northwest district master plan process, that there's concerns amongst the bureau of development services who would administer the northwest master plan process about their ability really to deliver the goods to make it an effective tool for this purpose, and think that this one has a greater potential to do that. The northwest district master plan was intended as an interim use -- interim tool to begin with, and part of what we've done with the northwest plan is to come in with other development standards regarding the main streets, regarding height, regarding uses, regarding setbacks, that take care of a lot of the issues that were supposed to be resolved through the individual master plan that c.n.f. would have brought forward to each one of its sites. So through the specifics of our plan, and through the addition of the street connectivity recommendations in the street plan, we believe that we better accomplish that purpose, as well as through the transportation strategies that are included in the plan. The applicants also support -- so that's page nine. On page 10 --

**Francesconi:** Before you leave that, I can get mine out of the way at the same time, because it applies. The other approach, which I don't know if it's -- is I guess the third approach in terms of c.n.f., is to do, not a master plan, but a more narrow transportation review, that addresses both traffic impacts and connectivity. Again, then you have more of a hook. You're not doing the whole master plan, so it's not wide open to the whole thing. I suppose you could do a transportation review that just addresses traffic impact, but then you have, you know, a little more -- you're negotiating room, and the bureau is in a stronger -- is in a position to implement connectivity. But maybe we just do it on the traffic impact. But the point i'm trying to make is, a transportation review gives us more hook to have them pay for some of the improvements than what you've proposed.

**Zehnder:** Ok.

**Katz:** Let me just ask, jeannie, is there such a thing as a transportation review in the context of --

**Francesconi:** We got it from them. I didn't make it up, mayor.

**Katz:** You got it from them?

**Francesconi:** Yeah.

**Katz:** Jeannie, is there such a thing as a transportation review?

**Harrison:** There has been a transportation review for north macadam up until the most recent round of amendments to north macadam. They've had in place a north macadam transportation review as an interim device to identify impacts for specific development as they came in. You could craft a similar kind of transportation review. It is a land use review. It's a type two, the way

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it was set up originally. You could craft something that focused just on transportation, which that did, including looking at street connections, which it also did, and it would be very -- very focused on specific issues with specific approval criteria. I think it can be done. I should also say that development services still has some concerns about that. The reason they have concerns is because it's difficult, particularly as parcels are sold off, to do something that's sort of a consolidated look at many parcels when some piece gets sold off and that property owner comes in and says, well, you can't expect me to do all this other stuff, i'm only responsible for this. That's the downside of it. When you're looking at large parcels, with single ownership, it's doable.

**Francesconi:** The pitch to rezone this by c.n.f., not that they were going to sell off the parcels, but it would be a large approach.

**Saltzman:** That's what i'm trying to reconcile. Isn't the requirement to do the street plan inconsistent with what we expect to happen with this property in terms of being an industrial land -- I mean, some of the concerns they're raising about breaking up a good chunk of industrial land, I guess I support. I'm not sold on the idea to have street connectivity through this property, so how do I vote?

**Harrison:** The purpose of street connectivity is to help solve some of the traffic concerns, as you have a better connected street system, you allow local traffic to disperse more evenly and avoid putting so much pressure on individual streets, such as vaughn, or an individual intersection. As we develop into a more urban mixed use part of the city, in this part of northwest, it's really important to maximize our use of the transportation system to make it as efficient as possible and having a very well-connected street system is one of the best ways to do that. So we feel that the street connectivity is an absolute essential part of c.n.f.'s development over time. We believe we can have the street connections, they can continue to develop their more office-type uses, which is what they've told us they're planning on doing in the future. They don't need the larger consolidated sites as much, as if they were still doing a lot of large-scale, more industrial type activities. So that's why we believe street connectivity is really important.

**Saltzman:** It seems what they're telling you is different from what they told us at public testimony.

**Zehnder:** Commissioner, I just need to point out that we've already rezoned the property to e.x., so it's industrial in a sense. It's employment land, but it's e.x. That is a downtown urban development zone, and urban form kind of district, and that we could use a transportation assessment as leverage to require additional streets, but we believe that by having it in the street plan, we're already saying that it's important and it's serious, we're serious about it, and that we expect it to be developed with development, rather than to have to prove to have -- you know, have to defend that there's a transportation need in the future when they bring their development proposal. It puts us more on the defensive than actually coming out and staking our ground and putting it in the plan, we believe. I think our objectives are the same, is with development of this planned, get that connectivity and have that development carry its weight in terms of providing that connectivity. So that's the same objective. We think this might be a more direct way to get it.

**Francesconi:** And I think i'm ok with that, if we also add the transportation review to try to -- see, what I think happened is -- this was when I was talking to commissioner leonard about. The right way to approach this, and I think we were warned, was we should have rezoned the c.n.f. Property as part of this process, then we could be talking about vaughn and we could be talking who would contribute to vaughn.

**Katz:** Should have, would have.

**Francesconi:** I know. That's why i'm being insistent on putting another hook on the c.n.f. property, which is this transportation review.

**Zehnder:** It may be that hook is not consistent with keeping this hook.



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**Francesconi:** That's what i'd like you to come back and tell us. I'm fine with having street connectivity if you tell us we can have this hook now and that hook later, which is what I think the mayor would like.

**Katz:** All right. Let's move -- any further questions on this? All right, let's go to page 10, ts-4.

**Bischoff:** This request was from nwda. For ts-4 and part of ts-5, I would refer you to an attached map in your handout, map 562-2 of the zoning code. The testimony here relates to how we limit the square footage of retail uses in the e.x. zone in the northwest plan district. The e.x. zone runs along the west side of i-405 freeway, includes the proposed purple area and the c.n.f. area, and again would include the subsequent rezoning of the upshur warehouse district if the e.x. proposal goes through. Nwda is requesting that along the 21st main street area in the e.x. zone, that the limit for 20,000 square feet of retail be limited to 100 feet in depth. As you can see on the map, we are recommending -- the planning commission is recommending 200 feet in depth. The reason that we still support 200 feet in depth is that this -- this setback area for retail uses provides room for, for example, a grocery store to locate along 21st. Also, the recommendations include main street standards, such as parking behind the building. By having a 200-foot depth, we're providing a larger envelope for a developer to have flexibility in design of that main street area. And that is important. Finally, this area is unique from the 23rd and much of the 21st established main street, which is surrounded by residential zoning. And this area is not surrounded by established residential zoning. So for that reason, staff is recommending to -- to continue the recommendation of planning commission with the 200-foot setback along 21st in the e.x. zone.

**Katz:** Ok. Anybody want to add anything to this? Ok, let's move on. Let me ask, does council feel comfortable to keep the planning commission's recommendation on this one?

**Francesconi:** Uh-huh.

**Katz:** Ok. We adopt -- we didn't change -- did you want to say anything? Yes, if you're going to -- yeah, specifically my request to not allow the 200-foot --

**Katz:** Right, we know that.

**Bradley:** Ok, but you're going to --

**Katz:** Did you testify on that last time?

**Bradley:** Yes, I did.

**Katz:** That's why we're going to probably move on. Does everybody understand or remember the reason why john made that request? Yes? No?

**Saltzman:** Are we going to allow testimony? I thought we were going to allow testimony.

**Katz:** On things we've changed, but john had an opportunity to testify last time. Do you want to hear it again? I get mixed messages from the council. You would like to? Ok. Not now, john.

We'll come back, then. All right. All right, ts-5, page 11.

**Bischoff:** Ts-5 is three requests from representatives of dove lewis animal hospital.

**Katz:** Right, all right.

**Bischoff:** I would like refer everybody to a handout that you have been provided that has some blue ink on it, which is correction to the testimony, this table that you received on june 5 -- the june 5 table. I should note that we incorrectly or incompletely portrayed on item number one the applicant's request, which was to have additional 2 to 1 f.a.r. for projects within bonus areas a and b that are at least 50% residential, and that 2 to 1 f.a.r. is an underground parking bonus. Staff -- our position has not changed on -- on this request. I think that in terms of the whole community's vision for the transition area is, again, that that development scaled down from the pearl district, and that housing -- affordable housing is the priority. As we get into areas a and b, which are the closest areas to the established neighborhood, we crafted this to be very careful and sensitive to the height - the existing heights of the neighborhood, and there's also nwda throughout the process has expressed concerns about the bulk of buildings. While this recommendation from dove lewis

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representative doesn't add height, it does add bulk to a potential buildings that provide this bonus. So that is still a concern. Do you want to take one, two and three --

**Saltzman:** I want to start with a blanket statement, because I want to help dove lewis do what they need to do. They're a unique institution in Portland. There's no other service that provides their service. I want to figure something out here. It sounds like they're striking out on everything they're proposing.

**Bischoff:** They're not actually. One of them we do agree with them.

**Saltzman:** Striking out on two of three, and I don't know if the one of three allows them to do what they want to do. I just want to let you know that's how i'm approaching this.

**Katz:** Ok. As I said in the beginning, this is my neighborhood, and I want to make sure everybody on -- understands, this is a neighborhood. All right? So whether somebody wants it or not, and they are wonderful, don't misunderstand me, I -- I love them dearly, but it has to fit within the neighborhood. And we can -- we can accommodate it, but it has to fit within the neighborhood.

**Saltzman:** I take that surgical approach we talked about.

**Katz:** All right.

**Francesconi:** So when we come to northeast Portland, commissioner Sten and I get to make the decisions. [laughter]

**Leonard:** In southeast Portland, the lents area, baseball stadium.

**Katz:** No, no, no, no. [laughter]

**Francesconi:** You need a little humor with this stuff, folks, let me tell you.

**Katz:** Ok. So what is it that they really want?

**Saltzman:** I think, again, what they're asking for is more of a development envelope in order to -- and they are -- want to provide underground parking.

**Katz:** Right.

**Bischoff:** They want a reward, which, you know, we do have an underground bonus, parking bonus in our area c, which is our tallest, most urban area --

**Katz:** Wait a minute. They want underground parking for their customers, that they --

**Bischoff:** It's for their employees and perhaps for their residential component, because they are thinking of a mixed-use development.

**Katz:** Ahh. They're thinking of a mixed-use development. Other than their own business or expansion of their own business?

**Bischoff:** That is correct.

**Saltzman:** Explanation of the clinic.

\*\*\*\*\*: But the magnitude of the bonuses we're talking about are really only relevant if they're into a mixed use or bigger building.

**Katz:** So we're going beyond the addition of their -- of their -- their particular use?

\*\*\*\*\*: Yes.

**Bischoff:** Well, except --

**Katz:** That may be the end result is what you're saying?

**Bischoff:** Except that they're talking about working with a developer to do housing in addition to expansion of their facility.

**Katz:** That's what he said.

\*\*\*\*\*: Ok.

**Katz:** So it's not only, we love them, we want to provide an additional expansion for their purposes, but we love them so much that we're going to give them bonuses, so they can provide some additional housing, that then has impact on the neighborhood. So if we want -- if we want to expand their particular use to give them that capacity, that's one story. If we want to go one step further, that's another story. So i'm trying to be helpful to you.

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**Saltzman:** My hunch is, the desire to do the mixed use is integral to their staying viable as an entity. A lot of people develop housing so it supports their mission, like a lot of nonprofits do.

**Bischoff:** There is a housing bonus already for their property. It already exists. It gives them up to 75 feet in height.

**Katz:** So they don't need anymore.

**Bischoff:** They're not asking for height. They're asking for floor area that could make their building even bulkier.

**Katz:** Does everybody understand bulky buildings? All right. I don't think we have a consensus on this one. Does anybody else want to raise a question on this particular item?

**Francesconi:** I don't support the amendment.

**Katz:** All right. Let's go back and --

**Bischoff:** We still need to do two and three under ts-5, if that's possible.

**Katz:** Sorry, sorry.

**Bischoff:** Number two was related to the affordable housing bonus. It was a request to add language that provided a substantial bonus for development of up to 120 feet in height, exclusively for the purpose of that development being a nonprofit. And I believe nwda would be concerned about this, because the whole intent of the bonus is for affordable housing. And the language that's proposed here would change that emphasis to be -- it could be either affordable housing or a nonprofit group that could then get this large bonus. And the affordable housing bonus is very specific to lower income, a percentage of a development being lower income affordable housing, and it doesn't preclude a nonprofit developer from attaining that bonus, but the sole purpose is for housing and particularly affordable housing.

**Katz:** The bonus is?

**Bischoff:** The bonus itself.

**\*\*\*\*\*:** So adding this provision would dilute the attractiveness of that affordable housing bonus, and that's the fact that it is -- there's a limited set of bonuses, and that affordable housing has been set at the level it has been adds to the attractiveness of that and adds to our objecting of accomplishing affordable housing in northwest.

**Katz:** Ok, go ahead.

**Sten:** So if they build housing and do affordable, they can get everything they want?

**\*\*\*\*\*:** Correct.

**Sten:** If they don't build housing, they can still do the clinic?

**Bischoff:** Correct. And they can still get two different levels of bonus. Still do mixed use and do market rate and get a housing bonus, or they can do their expansion, do -- beat the affordable housing bonus and get an even taller building.

**Saltzman:** But not an underground parking bonus, which is what they're asking for?

**Bischoff:** Correct.

**Saltzman:** I guess that's still something I want to revisit. Talk more about.

**Bischoff:** Ok. The final dove lewis request, and I would refer you again to mat 562-2, and it's really difficult to see, but what they're asking for is -- we have a limited use area that's shaded in pretty dark, fairly darkly there, that basically limits retail sales and service between the 21st and 23rd main streets and to the east of the 21st main street to 3,000 square feet in size. And if you look at the very lower right corner of the shaded rectangle east of 21st, you'll see a little darker rectangular piece. That is a piece of the dove lewis property, a small piece as part of a much larger site. They asked to be exempt from that 3,000-square-foot limitation.

**Katz:** And you said ok and the council is ok on that?

**\*\*\*\*\*:** Ok.

**Katz:** Anybody opposed to that? All right, ok on that amendment. [gavel pounding] all right, let's go back now to page three-four. My sense is the council wants to hear from, very briefly, very

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briefly, from folks who will be impacted with this one way or the other. Let's start with page 34, b-1, b-2, the uptown shopping center bonuses. I gave three options. One is the additional language in the central city plan districts that gives design review teeth. The other one is to actually reduce the height to the 130. And the other one is not to permit it at all. The bonus at all. So i've lost -- go ahead.

**Sten:** Do you want to give council direction before you take testimony or --

**Katz:** I don't care. It's up to you.

**Sten:** I like your idea of allowing the height, but subject to the design review that can restrict it if it's not done right.

**Katz:** Gil, could you come up here for a second on that? Did I describe that? Because I think i'm where --

**Kelley:** I'm sure you read it act accurately. I'm not clear whether it pertains absolutely to this site, but part of the central city. I think we'd be more comforted if you went that direction, that option, to make that an affirmative communication to the design review commission. As joe indicated, they rarely assume they have that degree of authority. It's very rare. We're having that issue before them right now, as a matter of fact, on another project.

**Katz:** So --

**Kelley:** They can actually sculpt the building, talk about the siting of the building within a larger site, reduce height if needed, those kinds of things. They're very -- as a practice, very reluctant to do that.

**Katz:** Why would you be -- because they don't think they have the total authority to do that, or it's wishy-washy?

**Kelley:** I don't know in all situations they do have that authority, and their practice has been not to go that direction very often. If you want to empower them to do that, I think regardless of what may or may not be on the books in the ordinance, I think a communication to them on this property would be helpful, if you want to go that direction.

**Katz:** As opposed to actually embedded in the plan?

**Kelley:** Well, we could add language to the plan.

**Katz:** As well as the communication?

**Kelley:** Yes. That would be fine.

**Katz:** Ok. So I gave three options. Are you --

**Saltzman:** I'm ok with that one.

**Katz:** Applicant, you ok with that one? Come on up. Thank you.

**Christe White:** It's been our reading of the code that there's a difference in the design commission's jurisdiction when they're design review of base height. This is design review of bonus height. And the design review of bonus height section in the central city plan district I think pretty specifically gives the design commission the authority to review the bonus height relative to a number of criteria. You read the purpose statement for base height relative to two particular districts, yamhill and skidmore in that performance standard, but if you look at what we'd be coming under, which is the bonus site, and look at that particular purpose statement, what it does say is that qualifying areas shown on map 510-3, which we would be, are located such that the increased height will not violate established view corridors, will consider the preservation of the character of historic districts, the protection of public open spaces from shadow, and the preservation of the city's visual focus on important buildings. Then when you get into the standard, it clearly says that it's a -- there's a maximum to the height bonus of 75 feet. So anywhere between 0 and 75 feet it's within the discretion of the design commission, because it is not base height, it's bonus height, to determine whether 35 is appropriate, 55 is appropriate, or 65 is appropriate. And then if you look at the particular standards and follow those, you consider view corridors, you consider shadow, and then there is a very large catchall in subsection e that says the increased

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height will result in a project that better meets all of the applicable design guidelines. Within that design guideline there's the discretion under bonus height for the design commission to do what it please with the bonus height. What you referred to as a particular standard that relates to only two of the seven historic districts in the central city, which is skidmore and yamhill. And that particular performance standard addresses base height and whether you can go above base height, not through a residential bonus, which was what we're talking about, but through another mechanism in a situation where a historic district has created a split block. So the historic boundary runs through the middle of one block. Half of the block is outside, half of the block is inside. So what i'd worry about, with importing the language of base height relative to only two historic districts in the central city, putting it into a central city bonus height provision that applies throughout the central city is a bit of a confusion.

**Katz:** All right, go away. Go away. [laughter]

**White:** We think there's enough discretion.

**Katz:** You know, you're too good. I want to make --

**\*\*\*\*\*:** At three we'll be back for --

**Katz:** I know. You're speaking for your client. I want to make sure what we get as a result --

**Kelley:** Let me see if I can paraphrase your intent. Maybe we need to --

**Katz:** Let me just tell you, when I looked at it, it was too big for the site. And so -- but it can be built. All right? And the question is, if there's -- I don't have the design. The design isn't there. Nobody quite knows what it is. We saw variations. If we -- I want to guarantee that a body like a design commission will be able to do everything that I think needs to be done to make this thing work, and that if it isn't I can personally appeal it to the council.

**\*\*\*\*\*:** To luba.

**Kelley:** So in other words, if you adopt the plan provision that allows an additional 75 feet in terms of a bonus, you want to not be an automatic height limit, or height potential, you want to be able to have the design review commission be able to limit that if it's --

**Leonard:** That's what I understood the criteria said.

**Sten:** My understanding is they can.

**Kelley:** If I can understand the intent of the council, we probably need to craft something.

**Katz:** I want you to take both language that kristi read and this to make sure that we have everything built in that would allow the design commission to do what needs to be done.

**\*\*\*\*\*:** Ok.

**Katz:** Ok, come on up. Yeah, come on up.

**Lee Stapleton:** I'm lee stapleton. I think you have a little idea about the site, because you go up there quite a bit.

**Katz:** I go up that street.

**Stapleton:** But I think one of the things that on the c.x. zoning we're talking up burnside, it's a little bit different than you're doing for the downtown plan in most of the other areas. One of the things that you have for burnside corridor is a fairly large grade increase. It probably goes from sea level to about -- I think it's probably 150 feet at the top of westover. That may be off a little bit. But what's going to happen is if you put a -- if the design review says it's appropriate to put 150-foot building there, you're going to have essentially a building like the two bank towers downtown up on the hillside. And if you had a 150-foot building you could put in the same corridor on burnside, say at 18th and burnside, as an appropriate deal, it would seem so dwarfed by that. That's why maybe you ought to think about some sort of a scaling feature up burnside, where it's a small corridor that you have the 150-foot maximum height based on a -- say a base mark, someplace like at 18th or 15th, maybe the freeway at 405, and say you could have 150 foot above grade at that level as opposed to 150 foot above grade at the site of the building itself. To bring a scale that you wouldn't have taller buildings up on the -- essentially the west end of burnside as opposed to the east end of

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burnside, or closer to downtown. I'd hate to see a graduation of 150-foot buildings going from the bank tower, the u.s. Bank tower, I still call it that, or big pink, all the way up burnside, and getting progressively higher from grade all the way up, like to see some variation and some cap maybe based on a 14th and burnside and say 150 foot above grade at that location.

**Katz:** Ok, thank you.

**Kelley:** I guess procedural there are two ways we can go on this. One is try to craft what the right absolute height limit is under the bonus provision, or the way I think you were articulating a moment ago, make sure we give maximum discretion to the design commission, so in the review of any individual building application, they can exercise discretion to the point where it may reduce height or shift the building location to some degree.

**Katz:** I want to get a sense -- I don't mean to dominate here, so I want to get a sense of the council.

**Francesconi:** I think the latter, but you got to have some clear criterias. I mean, you said total discretion. So, you know, you got to give some criteria, so that applicants know what they're dealing with in the design criteria.

**Leonard:** And I thought I was hearing the criteria being explained that would be applied with bonus heights. And I guess i'm a little uncomfortable, why would we redefine what that criteria would be if we already have it?

**Kelley:** It may be that's appropriate. We'd want to look at it in the context --

**Leonard:** I'm just asking, why we change it?

**Katz:** Does that include the reconfiguration of the building design?

**Kelley:** That was not clear to me in hearing it.

**Katz:** Yeah, I didn't hear that either.

**Kelley:** I just know that the practice of the design commission has one of great reluctance to exercise that degrees of discretion. Maybe it's perfectly fine.

**Leonard:** Since you asked, what I don't want to do is to create a unique set of criteria for one building because it's on a given -- one given -- in one given neighborhood.

**\*\*\*\*\*:** Right.

**Leonard:** I don't want to do that. That's not fair.

**Francesconi:** Right. I'm hoping we have a few other amendments coming back, so I mean if you wanted to try to craft something --

**Katz:** That's what I thought.

**Kelley:** We need to look at this. We know the general direction you're headed in, so let's --

**Katz:** Look at what -- I didn't have the wording that kristi was using, so take a look at that. If it does what I think everybody here wants it to do, all right? With a letter to the planning commission.

**Kelley:** Yeah. Just so you're clear, this could apply to more than one building. It's a large site. Presumably we're talking about north of burnside and not south of burnside, but even north of burnside there are two or maybe even three building sites.

Ray: One of the ways we defend our decisions against people who are upset, is saying we apply fair and objective standards. If you do it consistently, it's easier to defend.

**Francesconi:** Except in northwest Portland. [laughter]

**Katz:** Wait a minute. I'm willing -- i'm willing to go up to 130, or not giving the bonus. I'm trying to accommodate everybody here. All right?

**Leonard:** Ok.

**Katz:** You want to come up? Come up. Show us some wording.

**John Bradley, Chair, Planning Committee:** John bradley, 2350 northwest johnson, chair planning commission -- planning committee. I just want to inform the council that I have received

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to date 35 phone calls and/or emails concerning this, and I feel it my responsibility to notify you that most of them have been -- all of them have been very negative concerning the height.

**Katz:** Uh-huh.

\*\*\*\*\*: Approximately 20 --

**Francesconi:** They sent them to us directly.

**Katz:** We got them, too.

**Bradley:** Ok. I just wanted the council to know that was it. I also wanted the council to consider if bonus heights are to be awarded here, should they be awarded for strictly residential bonuses or should they be awarded for affordable housing bonuses? That's another con 91 drum to look at. As we look at gentrification of the northwest, and looking at awarding bonuses, it might be a good idea to tie the two items together here and get the best of both worlds if the council is going to award a bonus.

**Katz:** You've raised a whole different issue, but thank you. All right. So we'll come back with some language that tries to incorporate at least some of the performance standards, so that we give the design commission some discretion on that. Ok. Next item is north of vaughn. All right, let me just tell you where I am, and then I want the council then to deal with -- i'm very nervous about going above the 1 to 1, period, end of story. I've dealt -- i'm in the thick of the battle of industrial sanctuaries and industrial zones. It's been an issue that's been at impact. It's been an issue that's incorporated in our economic development strategy. It's an issue that was incorporated in the regional strategy. And I want to minimize as much as possible the -- the conversion of industrial lands to office and even larger offices, because if we do that, we'll be pushing, i'm afraid we'll be trying to push the urban growth boundary even further out. Chris, i'll give you a chance in a second. So that's where I am. But now commissioner Francesconi threw something else out, and i'd like to hear from the council so we can give some direction, and then we'll take some testimony.

**Leonard:** I guess I do share the concern that a major corporate headquarters could find itself having to face relocating, and we cannot afford that. And to the extent we can increase that to the limit commissioner Francesconi talked about, to 1.8, and counterbalance that with some other things we might do up at westover, I like that strategy.

**Sten:** Commissioner Francesconi, are you going to come back with a specific proposal?

**Francesconi:** Yeah.

**Sten:** I'd like to see the proposal. I'm interested in -- I mean, these are so related, that without a hard transportation plan it's really hard to get at the f.a.r. Question. I mean, i'm interested in giving them room to build more. I don't want the 1.85 offensive as a land use. I mean, good f it's going to be a buffer, it actually is a better buffer a little taller, but if the transportation stuff can't be dealt with then it can't be done. I'd love to see a proposal that tries to get at some of these things.

\*\*\*\*\*: Just to clarify --

**Francesconi:** I wanted to clarify, if that's all right.

\*\*\*\*\*: Yeah.

**Francesconi:** First of all, before I clarified, I wanted to respond to one thing you said, mayor. The planning commission already did what you were concerned about by going to 1.1.

**Katz:** I know that.

**Francesconi:** But that already takes the industrial land out. I didn't want to be argumentative, but it already does. And the reason I think it's ok in this limited circumstance is because of the buffer. So I just wanted to clarify.

**Katz:** If you go 1.85, i'm not going to support any of it.

**Francesconi:** Ok. You're clear. So what i'd like to do, is -- see, because there were three pieces. This is the north of vaughn piece. And there's two ways to go. One is to give the 1.85 bonus depending on infrastructure investments. The other is to do this transportation review idea. I

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wanted planning and pdot to spend more time looking at this that. Maybe talking to the parties about it. As to which makes the most practical sense. And then to get your --

\*\*\*\*\*: Ok.

**Francesconi:** So that -- that addresses your issue. And then bring it back to us. But then I also related, because all three of these were related, so i'm jumping out of order, but i'd also like to get the council's -- do you want to wait?

**Katz:** Yes. Let's take one at a time.

**Kelley:** Just so we can understand, I perfectly understand the policy direction. I guess what i'm unclear about, and there are others in the room who are perhaps more clear than I am on this, is because the vaughn, upshur and c.n.f. Development potential is so interrelated in the sense that they all use the 23rd and vaughn intersection, and 405 intersection, it's not clear to me whether there is traffic capacity to support all three requests. Even at the \$8 million fix threshold level. I guess that's the concern the planning bureau has had. I understand one way to approach that is to not give it all now, to do subsequent reviews later on, but I don't know that pdot's had the opportunity to put all these requests on the table simultaneously and say, is there even a conceivable fix out there that works?

**Francesconi:** In the last two weeks, they've looked at it.

\*\*\*\*\*: Ok.

**Francesconi:** As jean said, there needs to be more analysis of this. That's what we need to do.

\*\*\*\*\*: Ok.

**Francesconi:** That's why all three of these are interrelated, including down zoning upshur, which is one of the proposals that i'm going to propose. Not down zoning, but keeping -- we're coming to that issue, but you're right, all three are related.

**Kelley:** As long as we can look at all those and ultimate capacity --

**Katz:** You'll get a chance to look at them all. Does anybody want to testify on this one? Come on up. Chris, come on up.

**Bradley:** First of all, I want to thank the council for really looking at this in a very, very holistic way. I think that's the way this has to be done. Both joe and ethan mentioned, as we're looking at this project, the word "limited." so we have to define "limited." nobody's mentioned square footage here. I'm going to mention square footage. Between c.n.f. And the 1 to 1 f.a.r., we're looking at close to 2 million square feet of office. And we have to draw the line somewhere. It's a -- you know, it's a wonderful, thriving neighborhood, and we'll be driving all these cars through this neighborhood. I think we have to look at that. That's one of the reasons that the nwda specifically put forward some additional limitations on the amount of office that could be developed within the industrial sanctuary and the reason that we called for a master plan development on c.n.f., to look at the transportation impacts and the livability impacts of all of these things put together. We didn't even take into account the upshur warehouse stuff on any of this. So i'm going to let chris speak a little bit more about the traffic stuff.

**Chris Smith, Transportation Chair, Northwest District Association:** Thank you. Chris smith, 2343 northwest pettygrove street, transportation chair for nwda. With your indulgence i'd like to testify about the bundle of transportation issues you've talked about today. First the intersection at 23rd and i-405 and all this is said in the context that the neighborhood does not want esco or c.n.f. To leave the neighborhood, but they have to integrate well into the neighborhood. At that intersection, if you look at the proposal that was in the d.k.s. study of how to reconfigure that for more capacity, there's challenges. One is it would take employment traffic and route it through the industry sanctuary, which is a policy conflict with current city policy. The other is it turns 22nd into a major traffic street, which has other impacts on the neighborhood and would have to be very carefully understood, I think. I'm also a little concerned that we're talking about the intersection as the panacea to solve all of this. If we need to get more employees into the neighborhood, the



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freeway is not the only way. I think we need to be looking at alternative modes and investing in those at the same time to accommodate whatever growth you decide is appropriate. Also, the conversation is kind of neglected the impacts of the north of vaughn development on 24th and 25th. Those streets already bear significant amount of through traffic generated by montgomery park that's really inappropriate for a local neighborhood street, and if you add more office on the north side of vaughn we need to design some protections to make sure those streets don't bear even more inappropriate traffic, and in fact they use the intersection at 23rd and vaughn and not cut through the neighborhood. Then finally, with regard to c.n.f. and street connectivity, we've already viewed this as a difference in vision. I mean, we support c.n.f.'s employment goals in the neighborhood. We've just seen from what c.n.f. has said that they have a vision of doing that that looks like a suburban office campus, and we think there are lots of ways you can get the same kind of employment in a form that very much fits into the neighborhood and supports a reopened street grid. It doesn't have to look like, you know, a nike campus in beaverton to accomplish the employment.

**Katz:** So you really don't have a problem -- you want the buffer, you're just concerned -- you want an office buffer, you're just concerned about the transportation?

**Bradley:** No, actually not. We would prefer that all of this land remain in industrial sanctuary. That has been our initial statement, and that's the statement in your handout here. It's just that we realize that you have political realities that you have to face. What we're trying to do is limit the impact through our suggests here. One more quick idea. You know, commissioner Francesconi mentioned the idea of a buffer. If you're really set on this buffer idea, I have to mention to you that allowing the transfer of f.a.r. From one zoned lot to another zoned lot kind of makes your buffer out of swiss cheese, because you're going to have these big holes, where whatever it is you're buffering, and i'm not quite sure what we're supposed to be buffering here, will pour through. So thank you very much.

**Katz:** Thank you. All right, steve, come on up. And i'm going to ask you the embarrassing question of do you have the use for your new office space?

\*\*\*\*\*: Thank you, mayor. And i'll try to answer that question in just a second.

**Katz:** Ok.

**Steve Schell, ESCO:** On my left is paul pope. He's the plant manager for -- for esco. Open my right is dale mccaffy. He's the tax and real estate manager for esco. They've followed this process very closely and both have testified at various points in the testimony. Let me try to answer your question directly. There is no specific use right now, i.e. there is no exact company that's coming in, but paul or dale could address the question of esco's change in activity. Esco is doing more with other kinds of facilities right now. For instance, esco is supplying, rather than the traditional steel castings that esco has made at plant one, it's supplying materials to applied materials, which makes the chip, makes the equipment that makes the chips that intel manufactures. Esco has done other things with computer technology, with screens. And if you want more information, either of them can do it much better than i.

**Katz:** I just asked if you --

**Schell:** Things are changing for esco. Plant one is going to change for esco. So esco needs to respond to that. They need to work with their suppliers and their customers to -- to find the ways to -- to meet the research and technological needs, as well as do the transition from -- from research to product testing into manufacturing. They see this facility -- these facilities from 23rd to 27th as being beneficial to that. Let me just go through a couple of points. First of all, 23rd and vaughn fails regardless. Second, the only study that was done was the study that was done by d.k.s., paid for by the nay toes and esco. That study shows with proper mitigation, 23rd and vaughn does not fail and it's possibility to do the density at 1.85 to 1. So it works. It does not directly consider upshur. So the staff is correct on -- on that point. But in fact, it did look at both the c.n.f. Impact

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and the impact at 1.85 to 1 and there was -- there was a failure. Now the other thing that i'd like to get across is, this is only a plan change, and esco has accepted the fact that a zone change -- subsequent zone change is necessary. When a zone change is required, a transportation plan will be required. Transportation review, transportation analysis, will be required as part and parcel of that zone change. This issue has to be addressed. Commission Francesconi mentioned a hook. Esco is willing to participate in that hook. Definitely willing to pay. Tim ramus, also here in the audience and representing the naitos in this matter, has done an analysis, which I think has been is amenable to your staffs. It shows not only do you have the possibility of an l.i.d., but the possibility of some kind of shared benefit arrangement, so that latecomers would pay their fair share as they came into this operation. All of that can be put in place to raise the necessary money. The city doesn't have that money, so it's necessary to find another way to do that. I want to make two short points with regard to comments that ethan made and joe made. The key issue, as far as ethan's comment was capacity of vaughn. We all agree with that. We need to address the vaughn question. The question that -- that joe mentioned was, he said these are modest changes. Well, I was trying to think of a good analogy. You know, sometimes modesty and the shyness that goes with it doesn't get the girl. You're just not going to be able to deliver on the activity if you don't allow enough activity to cause something to happen. Let me give you some examples.

**Katz:** You better give a better example. Or you lost your case.

**Leonard:** Take it from me, don't use metaphors.

**\*\*\*\*\*:** Very dangerous.

**Leonard:** It's not good. [laughter]

**Schell:** If you take the buffer -- I think the comment that I think john just made is correct. All you get is swiss cheese with the transfers and the other mechanisms. You don't get the buffer that's necessary. Esco thinks it's need, in order to protect its industrial -- its area in the industrial district, it needs 65 feet. It needs it that whole four blocks. You're not going to get it with the transfers and the 1.1 to 5. You're not going to get the capacity of activity necessary to pay for the kind of improvements that are necessary with a 1 to 1. You've got to have the 1.85. The 1.85 to 1 is justified by the current transportation study. The only show in town on that issue. So as a kind of conclusion --

**Katz:** Conclusion?

**Schell:** -- i'd like to suggest that we think we can work with the planning commission and whoever you would suggest, with the planning staff, to talk about this further, and we'd be happy to do that. We support the idea of some kind of a hook, making sure that it's paid for. And we agree with commissioner Saltzman about moving up the priorities from the 5 to 20 to the -- to the next five years. These fellows are happy to answer any questions.

**Katz:** No, no, no. We heard. I think that council is fine, if I hear them correctly, on 1 to 1.85. I think commissioner Francesconi would like to have some language tied to the transportation element. So i'm going to have him work with the bureau of planning and transportation and get back to some language. Is that all right with everybody so we don't continue the testimony? All right.

**Schell:** That's great. Thank you.

**Francesconi:** You don't have to respond if you don't want to, but one of the suggestions that nina made was that it be required that the office use be related to your business, not you directly, and the problem is we can't legally require that, but we've had conversations about this. And you're not in the business of building offices and then leasing them out to unrelated causes. And i'm convinced that the whole purpose here is to help keep the corporate headquarters, it has nothing to do with building offices and then just renting them out. I was given that assurance by your president, which I appreciated very much.

**\*\*\*\*\*:** That's correct.

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**Saltzman:** I hope in these discussions that we're not ruling out the possibility of moving these improvements up to the 0 to 5-year time frame, too. If there is the willingness to fund from property owners and we can figure it out, I don't think we should --

**Francesconi:** Pdots already looking into to do it. So I don't care about it. But it's a good idea.

**Katz:** Thank you. Gail, what am I missing in title 4? The office space they're proposing has to be related to their industrial sanctuary use or not? Is this -- is this tied to that or not? No.

**Kelley:** Come on over here. There's certainly that discussion going on at the regional level now about we have some title four language that would restrict nonrelated office uses.

**Katz:** Right.

**Kelley:** But it's not yet been mapped as to what are the regionally significant industrial -- clearly nina as a whole would be.

**Katz:** Would be?

**Kelley:** Whether this strip of north vaughn remains a --

**Katz:** Whether that would be.

**Kelley:** That's a decision to be made.

**Katz:** So that if metro decides that this is a significant industrial area, then title four, which would get to -- who raised the issue of the use?

**Francesconi:** Me.

**Katz:** Was it jim? Would fall into that?

**Kelley:** Yes. In some ways you preempted that by designating a comp plan designation that's not purely industrial for this strip. Might be a harder case to make now, now that it's reached --

**Katz:** Ok. I think the hope of the council would be that if you are making those changes, for the purposes of enhancing your industry -- steve, are you listening? -- under goes a change, and that's fair enough, that that -- that the office buildings that you will be converting have something to do with your industry as opposed to leasing it to somebody else.

**Schell:** I can answer that in two sentences. It is not as easy as you might think to say this is absolutely related to the industry. Because you might have all kinds of things going on back and forth, and so that's what the planning staff was telling you, it's hard for them to pick it up.

**Katz:** Ok.

**Schell:** The intent though was to have that.

**Katz:** That's the intent.

**Kelley:** As a practical matter, it's almost impossible to enforce that.

**Katz:** We'll come back with some language I think the council will approve that ties to the 1.85 to capacity, transportation capacity and how we review that.

**Kelley:** I'm assuming the underlying issue is still there and the intent is that some substantial amount of the cost, whatever that turns out to be.

**Katz:** He doesn't have any money.

**Kelley:** Comes from this development and at 8 to 9 million dollars, that's a hefty burden to place on this property. We need to look at the other properties as well and the whole capacity. So that's the exercise were going to go through.

**Katz:** were going to continue now with - - I assume commissioner Francesconi that that's your intent through all those - - Upshur and cnf. Allright, Upshur. Wait a minute, wait a minute.

**Francesconi:** I think tad - - the question is do we - - I don't think we increase the zoning, although tad wants to testify. The question is do we just ask planning staff to see what area, if there's a smaller area. To upzone based on nonconforming use as opposed to the whole area. That's what I'd like them to do, if it's possible.

**Katz:** all right, tad why don't you come on up and then we'll talk about it. I cant support spot zoning on this. There may be another solution.

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**Sten:** In terms of discussion, I want to see the new package that comes up and the idea that this is related to Vaughn. Which makes a logical sense had not occurred to me, so I want to just caveat that I need to see. Commissioner Francesconi makes a fair point. Just in terms of my thinking going into today's hearing I was more supportive of the request of the property owner just because -- I mean I go over this area all the time its just not industrial and its not going to be industrial and trying to get it into something Montessori going to the next use that's going in there. It's a Montessori norm Thompson retail thing that's been there for ever. A potted plant pot potting store and a light store, and I just -- I mean, this is the area that it seems to me that it's just kind of just not true, what we're zoning it. So i'm interested in more ideas on this.

\*\*\*\*\*: Can I make a few comments?

**Katz:** Yeah.

**Tad Savinar:** Tad savenoy. I'd like to say that the uses are in those properties that we're calling the upshur warehouse district have been pretty much the same for the last 45 years. They are very different from the uses that occurred on c.n.f. property and they're very different than the uses that have occurred on the esco corridor properties. I also think the future determination of those three parcels is very different. The people who use those parcels will share the roadways, but I think the activities, the destinations, the intents and the dreams of the owners of those properties are very different. So while i'm in favor of the approach of trying to see how they interrelate, I also feel that there are -- and i'm not trying to be nonworkable here, i'm really trying to make my point, that we have a very different vision for the upshur warehouse district than I think esco does or than c.n.f. does, and what i'm trying to do is make sure that the warehouse district is not severely impacted by cut-through traffic that could occur from those developments, yet I don't want to be penalized because we're trying to protect something that's a little more unique than a kind of a broader approach.

**Katz:** But I think you picked the wrong designation.

**Savinar:** Well, and in all honesty, that was a designation that was recommending to me by staff 10 months ago.

**Katz:** Then we'll talk about that. Thank you.

**Savinar:** I don't mean to place blame, because this thing has changed a lot in the 11th hour, so i'm not trying to be cranky here, i'm trying to tell you that's where we were headed for a very specific reason. I don't care about the designation. I want the continued viability of those pieces of property from an economic standpoint to encourage small incubator uses and to create a unique place within the city. I don't care what the overlay is.

**Katz:** Well, but it does make --

**Savinar:** I understand.

**Katz:** It does make a difference, because the use in those two designations are very different.

**Savinar:** I understand that.

**Katz:** But I think the e.x. gets to what you want, has a design overlay as well, and is more urban in character, which is I think --

**Savinar:** But my concern is that by the time we get to bringing those properties up to e.x., we will have to wade through all the capacity problems that have been created by c.n.f. and by esco ahead of us, because ours is much longer term. So maybe there's a way to -- to grandfather in opportunities or something, but we're going to develop at a much -- at a much slower rate, but I also feel that we will be doing is preserving the built-in environment that's there, which is what the plan recognizes, and creating a node that all these neighborhoods share that has some kind of existing fabric that we all recognize now.

**Katz:** Ok, thank you. I need staff's -- thank you, tad.

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**Sten:** I would agree that e.x. is better than e.g. right there. This may not make any sense. I'm on the fly. Would it make any sense to look at moving it to e.x, instead of just having a comp plan to the ex? So you would just get it to e.x. instead of doing the e.x. with i.g.?

**Katz:** Yes. First of all, I want everybody to be comfortable with the statement I said that e.x. is a better zone designation. I think that's the case, but now let's pick up with what commissioner Sten offered as a recommendation. What's the matter?

**Sten:** Rather than making it a comp plan e.x. and retaining it i.g. 1, just make it an e.x., both in comp and zoning, because I don't quite understand the strategy of giving it an e.x and then not giving it without the --

**Kelley:** I think the reason that staff did not go ahead and zone it e.x. was simply the traffic capacity. The decision had been made by council on the c.n.f. site, the vaughn was taken to the absolute limit we felt in talking to pdot at the 1.1 level. That didn't leave enough capacity here to do the automatic rezoning without deferring that decision and having other fixes out there in the future. Understand where we are now which is he's the last guy in the door and he's the loser. Again, that's the reason why i'm saying maybe we need to look at all three of these together in terms of the traffic capacity and come back and maybe everybody gets less than what they ultimately wanted, but maybe it can work. I don't know.

**Katz:** Thank you. Does everybody feel comfortable with that? Did you want to add anything?

**Kelley:** I don't know if there's an answer there. I'm nervous about this plan. We need to confer with transportation.

**Katz:** Joe?

**Joe Zehnder:** I wanted debbie to reiterate to you one more time how we've tailored this e.x., because this zone we have on the table I think goes to 90% of what mr. Savinar's requesting. The reason we're doing it in a two-step fashion, is in the spirit of what he's requesting, which is to have gradual, transitional change, not to create a speculative value to the land that might force some of those uses out. There's still an effort you have to make it to get it rezoned, and another shot to tie it to transportation adequacy. This is our way of managing a transition. We think it's a good deal.

**Francesconi:** When you look at this, could you see if there's an adequate hook on the transportation side or -- ok, to have them actually pay? See, what I didn't understand until recently is -- and this -- the numbers are a little preliminary from pdot, but this puts the most traffic on vaughn of all of them. That's what i'm concerned about.

**Zehnder:** The adequacy of all of our hooks are really dependent on how far -- how -- how far from the site we can look for transportation impacts. We're really effective in close proximity of the proposal, like the blocks around it. We can get those, but if we're talking this whole district, being linked to 23rd and the interstate, under our current system, under basically almost all of our tools, that's a stretch.

**Katz:** Debbie?

**Francesconi:** What we're also concerned about, not only 23rd and vaughn is the critical one, but we're also concerned about the entry on 205, if spillover traffic comes on, and that's what we're concerned about, because then the industrial sanctuary is in deep trouble.

**Leonard:** 405 you mean?

**Francesconi:** Yeah.

**Bischoff:** From a transportation perspective, the approach for the upshur area also, it's adjacent to the giles lake industrial sanctuary. The access is limited, front avenue is an access and you hear from nina there concerns about non-industrial traffic into that portion of there industrial district. And again so we looked at a more gradual change with the ex comp plan and crafted it again to allow up to 20% residential so that artist and caretaker residences could happen with a rezoning, that retail was limited, because we don't -- again, the big costco issue and the concern about big box retail near the industrial sanctuary, and in the northwest neighborhood being out of character, that

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would happen with this rezoning. There's those types of standards would be applied as part of the northwest plan district with the e.x. zone, the design review aspect, the unique character, which is very unique, would be maintained much more so than egl.

**Katz:** I think the council is there, but I think there's an impatience about waiting and doing the zoning as a second step. As you look through this, whether you can identify a sliver, I don't want to call it spot zoning, maybe more than that, if you would recommend the rezoning of it directly or not. That's ok? All right, c.n.f.

**Francesconi:** Well, there, it's just a transportation review put on top.

**Sten:** Connectivity and a transportation review.

**Katz:** Ok, everybody agree?

**Francesconi:** They might want to testify. I doubt c.n.f.'s too excited about this.

**Katz:** Ok, john, come on up. Is c.n.f. here, come on up, steve.

**Bradley:** Just a quick question, john bradley, 2350, northwest johnson. How are we going to get a transportation review out of all these projects when we don't clearly know what all of the projects are? I mean, clearly we can define esco, but what about all the other properties that are under other ownerships for esco? And -- other than esco. And if we look at c.n.f., and then tad's property, it becomes very difficult, I would think, to require, without the benefit of some sort of overarching master plan for all of these properties, or maybe dividing them up into groups of three areas or three groups, how are we going to come up with any reasonable numbers for that?

**Francesconi:** John, on terms of your question about the upshur property, I haven't the faintest idea.

\*\*\*\*\*: Ok.

**Francesconi:** That's where I need some help, because it may be very difficult, because it's in different ownership, but on this, on the c.n.f. property, see, my idea, it would be just the same as you would do a master plan. So it's your master plan with a little more narrow focus on transportation.

**Bradley:** But that doesn't ensure connectivity to the rest of the neighborhood. It may --

**Francesconi:** We may want to require the connectivity, period, and then do this on top of that. That's where I need some help from them coming back.

**Bradley:** One other question. How do we deal with a traffic -- the traffic impacts along vaughn? Because granted, we -- I completely understand the council's strong desire to keep esco in the area. Esco is has always been a good neighbor. But we have other parcels along there that are going to be developed in other ways. And they're going to be developed into offices that have nothing to do with the industrial sanctuary. And how do we get those -- how do we get --

**Francesconi:** You're talking about the naito property?

**Bradley:** Yes.

**Francesconi:** We need to have a conversation about how we do that, but that's not in front of us right now.

**Bradley:** I know, but i'm very frightened as a neighborhood person about the amount of traffic and trips that all of this upzoning or rezoning is going to generate. I mean, we're talking in excess of 20,000 trips a day. For office -- for the scale of offices that we're contemplating here, because c.n.f. And between vaughn and between -- and upshur is a small -- upshur's only a small part of that, and we're not even considering that. What are we looking at realistically? 35,000 additional trips? How are we going to get 35,000 additional trips into this area? I'm not sure this is doable. I have to say it's very, very frightening. Thanks.

**Katz:** Thanks, john.

**Steve Abel, Attorney, Stoel Rives:** Steve able, attorney with stoel rives representing c.n.f. I think i'll try to respond to commissioner Francesconi's comments about the transportation review. I don't know exactly what it is, and I don't know that anyone really does, but c.n.f. would be willing to

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participate in those kinds of conversations to understand what's possible. I must give you a caveat about that, is that -- that many folks, even on the private side, lack dollars. It's not just the public sector that lacks dollars, it's the private side as well in this economic environment. Generally only new dollars -- the only new dollars come through new development. And that's the difficult part, is that some participants at that table may not have develop plans and may not have any new dollars coming to the table. That makes that whole equation difficult, it seems to me, but we're willing to have those conversations. The second thing I want to mention is just a couple of comments about this connectivity question. There's been quite a bit of communication about that. C.n.f. continues to oppose the -- the solid lines on that one map. And the principal reason for that is that it takes away flexibility for these sites. And we all know that industrial lands are needed. Large blocks of industrial lands are needed, and it's an ideal site. Now c.n.f.'s not opposed to connectivity. In fact, one of its blocks has ped connectivity. C.n.f. believes the transportation policy b, which speaks in terms of maintaining, reinforcing and reestablishing historic street grids through reestablishing streets or pedestrianways seems to be the right kind of policy. It's the kind of policy being espoused by pdot, it just happens that the map has solid lines on it and the lines say "future street." we think that's premature to say that. If it said "future connection" and we worked on the policy a little bit, maybe we could find an accommodation, but streets were vacated on the c.n.f. site three different times in the last 20 years, every time with a recital that said in order for c.n.f. to develop. In fact, buildings are placed on that site with the expectation that those streets are not streets, especially the one on 20th, where building and construction has gone on into that right-of-way, and there is a walkway, if you will, that goes across that right-of-way, that area, to serve -- to the parking lot. So we think it's premature to put those lines there. We think policy is ok, but putting the lines on the map is just something that we think is a mistake, not only for c.n.f., but I think for the city as well.

**Katz:** Thank you. **Karla start here**

**\*\*\*\*\*:** Thank you.

**Katz:** Ok.

**Saltzman:** You're referring to the solid lines, the green lines here?

**Abel:** Yeah. I'm referring to the solid green lines. The reason I say solid lines, in your packet, I think its exhibit h-2, they're solid black lines in the exhibit to the plan.

**Katz:** What's the sense of the council on this?

**Leonard:** Well, is it outrageous to consider being able to do both?

**Katz:** Do both?

**Leonard:** Have the connectivity of the streets go through in such a fashion that you build over them?

**Saltzman:** Or can we talk about connectivity rather than actual streets? I mean, that's I think the point.

**Zehnder:** If I could respond. I don't think it's outrageous to consider doing both. We'd have to make sure that we see enough impact from doing the transportation assessment on top, but that's -- that doesn't seem outrageous. This is our best position, to get connectivity. You know, we always have this dilemma of give it to me, don't tell -- of being vague and flexible versus clearing up uncertainty. This clears up uncertainty about the intent to have connectivity and the nature of that connectivity. It provides flexibility, because are those are suggested alignments, we can move those, but we're serious --

**Katz:** You want the lines on the map?

**Zehnder:** We want the lines on the map.

**Saltzman:** You can move the alignments, once they become a line on the map?

**Bischoff:** Title 17, I believe, gives the city engineer authority to, you know, move lines and provide appropriate connectivity.

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**Leonard:** How many streets are we talk being potentially that would go through the c.n.f. Property?

\*\*\*\*\*: It's three.

**Zehnder:** Three, yeah. 20th avenue, xavier, and -- these are ped --

**Katz:** Ok. I have a sense that the council would like to see the establishment of connectivity. This is the mantra of this council for years and years and years. We don't want to break that mantra. So is that --

**Sten:** Charlie's going to do a hunger strike if we don't -- [laughter]

**Francesconi:** If there's some flexibility in the lines, so you come back with --

**Leonard:** Well, and if you can establish the grids in such a way as to allow -- i'm trying to envision different cities i've been in, where the street could be below the grade and the structure can be built above it? Doesn't that accomplish both?

\*\*\*\*\*: Pretty expensive.

**Kelley:** Possible. I mean, conceivably that flexibility would exist. I think the -- the change here from the past vacation -- street vacation era was that the council rezoned this, upzoned it to e.x. A year or so ago, which is a mixed-use district, and a principal there in that was connectivity, and you asked us to go away and include that in the master plan requirement, and then remove it when we came back with the permanent zoning. So we followed that directive.

**Katz:** I'm glad somebody has a good memory. So we'll follow that directive, and then we're going to ask joe and debbie and gil to see if they can address the issue that john raised in the name of heaven -- how in the name of heaven are we going to do all that, and not negatively impact, not only the industrial sanctuary, but the residential neighborhood with regard to transportation capacity.

**Saltzman:** So if c.n.f. does need one of these large tracts for some reason, there's enough flexibility with the transportation engineer, I guess you said, to move the line, I guess, far enough to accommodate that need? Yes? Ok. I'm seeing heads not yes from our people. Ok.

**Katz:** Ok, item 10. We're getting close. Which one was that? Ts-4. Limited use. Ok, yeah. John wanted to testify, right. Thank you.

**Bischoff:** Thanks for holding this off. You know, part of the reason we had requested the 100-foot limit was in order to more closely match what's been going on in the other parts of the neighborhood. But I think moreover is that we had intended that this area of the neighborhood have a much more residential feel than would be allowed for by 100, 200-foot residential limitation. Retail. Excuse me. You don't like that one, huh?

**Katz:** Debbie?

**Bischoff:** Feel like point/counterpoint. [laughter] I would just add we're not changing, we're still encouraging housing, we're still encouraging mixed-use development --

**Katz:** You want the opportunity for something a little bigger than a strip?

**Bischoff:** Correct. And again, to give developer, we know that the issues we're currently facing with the parking issue, on a well-developed main street, where there is very limited lot size. Here we have an opportunity with larger lot sizes to have a little bit more flexibility in that development potential. So that's why we support the --

**Katz:** Ok. What's the sense of the council on this one? Accept the planning commission's recommendation? I think you lost this one, john.

\*\*\*\*\*: That's all right.

**Katz:** We'll try on some others.

**Francesconi:** Thank you.

**Katz:** All right. 200 feet? All right. Council's adopted that. [gavel pounding] good. Underground parking and affordable housing bonus, the -- I want to get a sense of the council. This is -- come on up. Dove lewis, we'll give -- yeah.

**Robert Simon:** Robert simon --



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**Katz:** Robert, don't start -- I mean, don't do a whole three minutes. You heard the discussion.

**Simon:** Madame mayor, i'm aware of your opinion, and i'd like to try to address the issues you raised, because this is your neighborhood, and I won't be loquacious, either.

**Francesconi:** I apologize, but a long-term employee of parks is retiring, and i'm speaking at it, and I don't mean to disrespect you, but i've got to go.

**Simon:** Simply refer to my comments before you make the decision, that would be helpful. He just said he was leaving.

**Katz:** Ok, fair enough.

**Simon:** My name is robert simon. I'm a volunteer for dove lewis emergency animal hospital. With me is gary larson of -- what's your b.l.m. Architects. We have a vision, so we can tell you what we're trying to accomplish and we can tell you why we need what we requested and ask you to support that request because we've penciled this out, we've worked this through many iterations and figured out exactly what we need in order to build a new animal hospital, accommodate our residency program with Oregon state and Washington state, and meet the needs in a manner that's least offensive to our neighborhood. You have a copy of this packet that gary larson prepared, shows a garden-style apartment. Really that's the concept. We want to use the ground for retail as the animal hospital, 20,000 square feet. We've reduced I can't tell area to come within the planning guidelines so we're not as big as we thought we would be. We also need to accommodate our program. And our program is a nonprofit emergency animal hospital. We don't have a lot of money. And we need to do a joint venture with somebody who can subsidize this.

**Sten:** Can I just jump in and ask you a question? Is it possible -- I know how creative you are. My objection to this isn't necessarily -- and I want the mayor to take a look at the design for obvious reasons and see where she is on it, but my objection isn't to the design. My objection is to the extent of the underground parking bonus approach, because the neighborhood, which I agree strongly with, is trying to limit the bonuses to housing, to get housing, rather than this. And so is there a way to work something to make dove lewis work without, you know, sort of either giving you a spot underground zoning bonus, which I don't like, or extending the underground bonus to an area which i'm actually clearly against. Trying to signal you. How do you get to this design? Because this design isn't going to be --

**Saltzman:** Isn't that number two here, if you include a nonprofit?

**Simon:** That's correct. There are a couple ways we can do it. If you include a nonprofit as eligible for the bonus in addition to affordable housing, that would be helpful, and that would get us where we want to go.

**Sten:** And you don't have to do the first one?

**Simon:** That's correct. You don't have to do the first one, but obviously the first one is sort of your cleanest one.

**Sten:** Yeah.

**Saltzman:** But number two would get you there?

**Simon:** I believe number two will get us there. I have to say thank you to the staff for number three. To the extent that we need parking, I think I just need to talk to you about it generally. We have 45 to 50 students from september through may coming to our property. We have the emergency visits and we have the desire to buy a second ambulance for emergency care. We have a very weird piece of property. Are you all familiar with the t-shape lot we have at 19th and pettygrove? It is this guy here. You can see how constricted we are with site design because of the weird shape of our lot. The more we look at this, the more we need that additional parking, just for our programmics. What we've suggested is, we're a residential use. If you limit park nothing area a, the underground bonus to residential uses, then we're going to get there. Not commercial uses, just residential uses. And in this particular instance that's what we're looking for. It makes it easier for to us explain it to our development partner and our development partner can then afford to build

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units that are at market rate. You got to remember the market rate in this area is not pearl. This is a -- this is \$165 a foot, not \$250 or \$350. So a 1 to 1 on affordable housing doesn't get you there. We need affordable housing for the six residents we have, six medical school residents we have, that provide the backbone of that nonprofit facility. So that's why I think if you gave me the first option, maybe we could tweak it some more, it would be easier for me to sell to a joint venture partner than the second option, because it doesn't get the joint venture partner where he wants to be.

**Saltzman:** So are you saying if you had some time, you think you could tweak this to a way that would be acceptable?

**Simon:** If staff would work with us. We're latecomers to the process.

**Saltzman:** I'd like to see that happen. I'll certainly volunteer my time to make sure that happens too. As least be the point person to bring something back, if everybody's ok.

**Katz:** You got it.

**Sten:** You two work it out.

**Katz:** You two work it out.

**Katz:** Thank you very much.

**Simon:** Thank you. Then I can communicate with your office?

**Saltzman:** Planning will be involved too.

**Katz:** Thank you, gentlemen.

**Simon:** And mr. Larson's here if you want to talk about the design, mayor.

**Katz:** No, no, no.

**Simon:** There's a bit of a dog park involved, too.

**Katz:** No. That's his issue, not mine.

**Bradley:** Just briefly, we may see some severe consequences from this that are going to be unintended, because again we're not just talking about extending this benefit to dove lewis. We're talking about extending this either benefit one or two to other people, who may not --

**Sten:** We're going to do some work on that.

**Katz:** It's all right, john.

**Bradley:** It's got to be limited somehow. It's not an easy thing. You know, i'm all for an animal hospital and dove lewis, but --

**Sten:** Yeah. It doesn't have my vote unless --

**Katz:** It doesn't have mine either. And it doesn't have commissioner Francesconi, even though he's open to listening to the other side on this one, but I think we can work it out.

**Bradley:** Because sections a and b are carefully crafted to step back down from the intensity of the pearl district and step back down as we step away from the -- from the height at the freeway, that area c allows for. Thanks.

**Sten:** How about nonprofit animal related uses? There's some danger there, let me tell you, but -- [laughter]

**Kelley:** I'm not sure if you need to vote on this today.

**Katz:** We got nothing to vote on today. [laughter]

**Kelley:** Well, I don't know if you need to gavel on this one today, because --

**Katz:** We're not gaveling on this one.

**Saltzman:** This is one we're going to work on some more.

**Kelley:** Fine. That's all I was going to request. It's not clear to us that they need additional height. They may have it.

**Bischoff:** It may be a f.a.r. issue. Again, we need to evaluate how to get at --

**Katz:** John is absolutely right on this issue. He may not have been right on the one previous to that, but on this one -- [laughter] -- but on this one he's right. So you've got a couple of very specific property owner issues that you need to be careful so that you don't pack the entire area with a solution for one property owner.

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**Bischoff:** Yes, we fully recognize that.

**Katz:** Absolutely. The other is you need to look at it holistically on the esco and c.n.f. and the upshur related to transportation. It may be that we just can't do all of this at one time. Anybody else want to say anything? So you got -- I knew we weren't going to get it done today. When do you want to come back?

**Bischoff:** We have time of july 10 at 3:30 we would like to come back. Would that be --

**Katz:** July 10, all right.

**Saltzman:** It's a thursday.

**Katz:** Is everybody all right? So we'll carry all of this over to july 10. Thank you, everybody.

**Kelley:** You might remind people we have the parking issues on --

**Bischoff:** On june 19 at 3:30.

**Katz:** And if you think we can get through those --

**Kelley:** That's why we picked july 10.

**Katz:** We'll get through this. We got through the southwest community plan. We'll get through this, but it may take a little longer. Ok, we stand adjourned. [gavel pounding]

At 4:31 p.m., Council adjourned.